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THE IMPACT OF INTERNATIONAL REGULATORY STANDARDS ON THE COMPETITIVENESS OF U.S. INSURERS

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND INSURANCE

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

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THE IMPACT OF INTERNATIONAL REGULATORY STANDARDS ON THE COMPETITIVENESS OF U.S. INSURERS

Thursday, June 13, 2013

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING
AND INSURANCE,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 1:05 p.m., in room 2128, Rayburn House Office Building, Hon. Randy Neugebauer [chairman of the subcommittee] presiding.

Members present: Representatives Neugebauer, Luetkemeyer, Royce, Miller, Garrett, Hurt, Stivers, Ross; Capuano, Cleaver, Sherman, Himes, and Beatty.

Ex officio present: Representative Hensarling.

Also present: Representative Green.

Chairman NEUGEBAUER. This hearing of the Subcommittee on Housing and Insurance will come to order. Today's hearing is entitled, "The Impact of International Regulatory Standards on the Competitiveness of U.S. Insurers." I ask unanimous consent that any Members who aren't on the Housing and Insurance Subcommittee be allowed to participate in this hearing as if they were a member of the subcommittee.

Without objection, it is so ordered.

This is the first hearing that I am aware of where we really kind of start to dive into some of the role of the Federal Insurance Office (FIO) and its interaction in the insurance industry along with other stakeholders, and particularly as we begin to examine a range of international regulatory standards and how we can balance the need to coordinate international regulatory efforts with our duty to ensure a globally competitive marketplace for U.S. companies. So this will be the first of, I think, many hearings examining the international competitiveness of the U.S. insurance industry.

We have three objectives for this hearing: to gain a better understanding of the strategic objectives being pursued by our insurance supervisors and how they are working together to achieve these shared goals; to receive assurances from our witnesses that the agenda being pursued is a net positive for the domestic policyholders and insurers; and to raise awareness of certain international proposals that could undermine our system of State-based insurance regulation that has performed pretty well for over 150 years.

Additionally, we want to make sure that better international coordination can prevent regulatory gaps and promote efficiency. The IAIS is moving away from a regulatory coordination to an international standards setter.

Given the unique nature of our insurance regulatory model, the consolidated bank-like model favored by the International Association of Insurance Supervisors (IAIS) could disproportionately impact U.S. policyholders and insurers. We would like to learn more about what the National Association of Insurance Commissioners (NAIC) and FIO are doing to prevent the importation of European style bank-like regulations into the United States.

Also, we want to learn more about ComFrame. The current ComFrame draft would create a one-size-fits-all regulatory regime for global insurers, including group-wide capital assessments and prescriptive prudential standards. Given the unique nature of our regulatory model, this proposal has the potential to increase the costs for U.S. insurers, which would be borne by the policyholders themselves. I would also like to hear how our witnesses view the ComFrame proposal and how they believe it would affect our insurance markets.

Additionally, the IAIS selection method to determine designation of systemic insurers or Global Systemically Important Financial Institutions (G-SIFIs) lacks transparency and reasonableness due to the process of appealing decisions. I would also like to hear how our witnesses plan to harmonize our efforts to designate Systemically Important Financial Institutions (SIFIs) here at home and other efforts overseas. So I think this is going to be a very important hearing, and I think Members can use this, obviously, as an educational opportunity, as some of these things that we are going to be discussing today are being played out literally as we go here.

And with that, I would like to recognize the ranking member of the subcommittee, Mr. Capuano.

Mr. CAPUANO. Thank you, Mr. Chairman.

I want to thank all the panel members. I think this may be the most distinguished panel I have ever seen. I have had distinguished individuals—but the whole panel; you guys are pretty heavyweight. I am looking forward to learning a whole bunch from you.

Again, Mr. Chairman, thank you for having this hearing. I think this is one of many hearings we are going to have on how the whole Federal involvement, whatever limited involvement or whatever it might be relative to insurance regulation, it is an important issue. It is a very delicate issue. It is a very controversial issue, and I think it is important for us to try to keep on top of it, but I do want to point out the irony that just yesterday, we had a significant hearing, and we passed several bills on the Floor, all of which were designed to embrace foreign regulations, to say foreign regulations are better than our regulations because we like them better, and yet here, just the concept of foreign regulations scares some people. My answer is that there are some good, and some bad. Let's figure out what is good, let's figure out what is bad, and adopt the ones that aren't and fight the ones that are.

But all that being said, I am looking forward to the hearing today, and a continuous relationship with all three of you gentle-

men because each of you holds a very important position in this issue to keep us educated and enlightened and involved.

So thank you for being here, and thank you, Mr. Chairman.

Chairman NEUGEBAUER. I thank the gentleman.

And now the gentleman from California, Mr. Royce, is recognized for 2 minutes.

Mr. ROYCE. Thank you, Mr. Chairman.

I think some historical context is necessary for this hearing. The Federal Insurance Office was created to solve a problem. Both the Bush Administration's Blueprint and the Obama Administration's White Paper called for its creation. Both highlighted the need for a lead negotiator in the promotion of international insurance policy for the United States, as the paper said, and that the lack of a Federal entity with responsibility and expertise for insurance has hampered our Nation's effectiveness in engaging internationally.

Dr. Terri Vaughan, a former CEO and president of the NAIC, applauded its creation, stating that in a post-FIO world, unlike now, there would be a single office capable of articulating a global policy considering U.S. interests broadly and enforcing the policy. In this increasingly global world, that is something the United States can no longer live without, she said. The facts are the facts. What was known then is known now. State regulators and most certainly the NAIC are structurally and constitutionally incapable of representing U.S. insurance interests abroad.

The NAIC lacks the legal standing as a self-proclaimed standard-setting and regulatory support organization, while State insurance regulators lack the authority under the U.S. Constitution to negotiate binding international agreements. What was contemplated at the time was not simply adding another Federal voice to international discussions regarding insurance issues, as Senator Nelson states in his testimony. No. It was to create a single voice for the United States on these matters, and the problem, as Dr. Vaughan noted at the time, was that there was no clear leader for U.S. insurance regulation; no single person could articulate a U.S. policy on a global stage.

This hearing should not be about revisionist history, and it should not be focused on whether the NAIC is getting along with the FIO. We should put U.S. insurance consumers first. This committee's oversight should be focused on empowering the FIO to encourage healthy competition at home and a level playing field for U.S. insurers abroad.

Thank you, Mr. Chairman.

Chairman NEUGEBAUER. I thank the gentleman.

The gentlewoman from Ohio, Mrs. Beatty, is recognized for 3 minutes.

Mrs. BEATTY. Thank you, Mr. Chairman, and Mr. Ranking Member.

And certainly I agree with my colleagues, as we are excited to hear from this distinguished group of gentlemen. This is an area that I am quite interested in, and hopefully when we get into the question areas, there will be some questions that I could delve into with Basel and TRIA and the uniform enforcement of international insurance. We have been looking at the international issue as it relates to housing, and now we are here in insurance.

I am from Ohio, and just recently, I have had a couple of financial institutions, a credit union give me an example of them being engaged with an insurance company that then had some financial difficulties, and then, as you can imagine, when they went into bankruptcy, what happened to the credit union and all of those individuals that they were representing. So, as we talk about that further, I would like to hear your opinions on that.

Also, so often, I have people who come in, and they are insurers, and they act like a bank, but they are not a bank. And then, we have others who are saying they are. So as we look at this and the examples of what we are doing internationally, I will be really excited to hear some of your responses, and I am sure I will have some questions after we hear your presentations.

Thank you, Mr. Chairman.

Chairman NEUGEBAUER. I thank the gentlewoman.

And now the gentleman from California, Mr. Miller, is recognized for 2 minutes.

Mr. MILLER. Thank you, Chairman Neugebauer. Thank you for holding this hearing, and I welcome our guests today.

I am looking forward to hearing from you. For the past century, and through multiple financial crises, the State-based insurance regulatory system in the United States has been successful and has protected policyholders. However, in the response to the financial crisis, global regulators are now seeking to set new regulatory standards for all insurers. It is essential that Congress fully understand the impact international regulatory standards will have on the competitiveness of U.S. insurers.

As negotiations proceed, we must recognize that the U.S., EU, and other regions have vastly different regulatory structures for the insurance industry and adjust them accordingly. While I strongly believe in coordination among international regulators, we must resist the tendency of pursuing a one-size-fits-all approach. If we subject U.S. insurance firms to inappropriate international regulatory standards, it will hurt U.S. competitiveness domestically and internationally, and it will create an unlevel playing field that will hurt U.S. jobs and economic growth.

Currently, there are proposals in the United States and internationally to use bank-centered capital standards for U.S. companies. The U.S. insurance model is vastly different from both the banking system and the EU insurance model. I don't know why regulators keep trying to fit a square peg in a round hole, but they need to stop trying. The difference in our countries' systems should be recognized and embraced.

Regulatory coordination efforts should focus on effective principles and avoid specific standards. We should be looking at effectiveness of regulations, not making them the same. To defend and promote the strength of our regulatory system and make certain that U.S. insurers can effectively compete overseas, the U.S. representatives need to be unified in their strategy, and it is imperative that the U.S. representatives coordinate to form a unified strategy, because if you fail to coordinate, we will all fail to succeed.

I yield back.

Chairman NEUGEBAUER. I thank the gentleman.

I would now like to recognize the gentleman from Missouri, Mr. Cleaver, to make a special introduction.

Mr. CLEAVER. Thank you, Mr. Chairman, and Mr. Ranking Member. I appreciate the opportunity to introduce one of our panelists.

I am very proud and pleased to introduce—actually, I guess I can't introduce someone who has served with distinction in the Senate, but let me introduce to this committee Senator Ben Nelson, from my neighboring State of Nebraska.

There might be a question of, why would somebody in Missouri want to introduce someone from Nebraska, particularly considering how the University of Nebraska's football team has treated Missouri historically? However, I am very pleased that Senator Nelson, who actually became involved in the insurance industry right out of law school, was the key figure in moving the National Association of Insurance Commissioners' national office to the downtown area of my congressional district, and they have over 450 employees in the downtown area, so we are very proud of that.

As I said earlier, Senator Nelson is a familiar face here on Capitol Hill, a two-term Senator, and he also served two terms as the Governor of Nebraska. And one of the things I hope I can match is during his time, he tried to bridge the gap between the urban and the rural parts of Nebraska. And I think the more we can bring people together and have one America, the better we are.

So, I am very pleased to welcome Senator Ben Nelson to our committee.

Chairman NEUGEBAUER. I thank the gentleman, and we will now recognize our witnesses. Each one of you will be allowed 5 minutes to give your opening statements. And without objection, your full written statements will be made a part of the record.

The first panelist is Mr. Michael McRaith. He is the Director of the Federal Insurance Office, referred to as FIO. The second panelist is, of course, former Senator Nelson, who was just introduced by Mr. Cleaver. And the third panelist is Mr. Roy Woodall, who is an independent member of the Financial Stability Oversight Council, with insurance expertise.

Mr. McRaith, you are recognized for 5 minutes.

STATEMENT OF MICHAEL McRAITH, DIRECTOR, FEDERAL INSURANCE OFFICE, U.S. DEPARTMENT OF THE TREASURY

Mr. MCRAITH. Chairman Neugebauer, Ranking Member Capuano, and members of the subcommittee, thank you for inviting me to testify. I am Michael McRaith, Director of the Federal Insurance Office at the U.S. Department of the Treasury.

As you know, we released our first annual report yesterday, and we are working to release our modernization report soon. FIO's express statutory mandate authorizes our Office to monitor all aspects of the industry. The statute also expressly authorizes our Office to coordinate Federal efforts and develop Federal policy on prudential aspects of international insurance matters and to represent the United States at the International Association of Insurance Supervisors (IAIS). When I arrived in June 2011, in fact 2 years ago to the day, the United States faced three primary international issues: one, the IAIS had begun work on the designation of global systemically important insurers; two, it had begun the development

of the common framework for the supervision of internationally active insurance groups or ComFrame; and three, the threat of a unilateral equivalence assessment by the EU of U.S. insurance regulation.

It was important for the Federal voice established by Congress to engage in these three areas in order to protect U.S. interests, and I will address each of the three.

FIO serves as a nonvoting member of the U.S. Financial Stability Oversight Council, and we also serve on the IAIS committee responsible for the G-SII work. The IAIS designation process is consensus driven. Our view is that the IAIS process should align with that of the FSOC in substance, methodology, and timing. We have seen significant improvement in the IAIS work, and we look forward to continued engagement on this project.

The second IAIS priority is ComFrame, a regulatory framework applicable to international insurance groups. Importantly, the IAIS is a standard-setter and not a regulator. For this reason, ComFrame will promote comparability and lead to improved confidence and trust among regulators from different countries. It will have qualitative and quantitative elements. Beginning in early 2014, the concepts of ComFrame will be field tested directly with insurers. The companies to which ComFrame will apply will thereby directly influence its standards. The increasing internationalization of the insurance market, which we strongly support, makes ComFrame an important project in which we should be engaged. I am privileged to serve as the Chair of the IAIS committee overseeing ComFrame development.

The facts are that the EU and the U.S. are the world's leading insurance jurisdictions, both in terms of premium volume and as the home of globally active insurers. Interaction between supervisors in the EU and the U.S. is essential to industry and consumers. For this reason, we hosted the EU and State insurance leadership in January 2012 to launch the EU–U.S. Insurance Dialogue Project. Through 2012, representatives of FIO and State regulators and the EU insurance leaders worked to identify commonalities and differences in seven areas, including group supervision, capital insolvency, and reinsurance.

Thanks to all the participants, an unprecedented gap analysis was released to the public in September 2012. In December 2012, the EU and the U.S. agreed on high-level objectives to be pursued in the coming years. Areas for improved convergence will be identified, as will the areas where the gaps are too divergent to reconcile. Importantly, the EU and the U.S. share a commitment to this collaborative and constructive project.

So these are three key areas of our international involvement, although we have more. Among others, we work with State regulators at the Organization for Economic Cooperation and Development (OECD), and we formed the first North American insurance supervisory forum. Insurance is an enormous multifaceted industry, subject to complicated regulatory oversight.

Chairman Neugebauer, I affirm our commitment to work with State regulators and to work in support of Congress as you seek to further understand insurance sector developments of local, national, or international interests. On every issue, our priority will

remain the best interests of the U.S.-based insurance consumers and industry and jobs and prosperity for the American people. Thank you for your attention. I am happy to answer your questions.

[The prepared statement of Mr. McRaith can be found on page 40 of the appendix.]

Chairman NEUGEBAUER. I thank the gentleman.

Mr. Nelson, you now are recognized for 5 minutes.

STATEMENT OF THE HONORABLE E. BENJAMIN NELSON, CHIEF EXECUTIVE OFFICER, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS (NAIC)

Mr. NELSON. Chairman Neugebauer, Ranking Member Capuano, and members of the subcommittee, thank you for the opportunity to testify today. I am Ben Nelson, CEO of the NAIC.

In the international arena, U.S. insurance regulators and the NAIC have been active at the IAIS in developing ComFrame. We believe there is merit in developing a framework for greater coordination and cooperation among supervisors for such groups. However, we are concerned that the current scope and prescriptive nature of ComFrame overshoots those goals and overcomplicates what is necessary for effective cross-border supervision. Rather, ComFrame should support the work of international supervisory colleges which serve as the vehicle to achieve these relationships designed to enhance insurance activity.

We are also troubled by related discussions on the need for a global capital standard for insurance, which could result in a bank-like approach that is not appropriate. We urge Congress to be wary of any international prescriptions seeking to impose new standards on the United States.

The NAIC is also involved in the identification of Global Systemically Important Insurers, or G-SIIs through IAIS. To the extent that an insurer engages in activities which could result in that designation, U.S. and international regulators should work collaboratively to address these activities and eliminate their systemic threat. Thus, we continue to examine the scope of our authorities and resources to ensure that systemic risk does not emanate from insurance activities or entities within our purview.

Additionally, we have concerns that two tiers of companies could reduce market discipline, create competitive distortions, and encourage undesirable consolidation and concentration in the insurance sector. Therefore, designation should be the product of rigorous analysis that reflects a very thorough understanding of the insurance business model and regulatory system. The domestic and international processes should be aligned to the greatest extent possible with appropriate deference to domestic authorities. As such, the G-SII list should not contain any U.S. insurers that haven't been designated Systemically Important Financial Institutions, or SIFIs, by the Financial Stability Oversight Council. This would also ensure that the impact of any designation of a U.S. firm is rooted in clear legal authority and process.

State insurance regulators have been actively involved as well in the U.S.–EU Insurance Dialogue Project, which builds on a decade-long bilateral discussion. Last December, a joint report and paper

were issued outlining a set of common objectives and a series of initiatives designed to enhance insurance regulatory cooperation. Many of these initiatives are already under way or under consideration within the NAIC process. While much work still lies ahead, U.S. State insurance regulators are working diligently to enhance this transatlantic relationship.

In some of these international areas, we have been working with the FIO. The NAIC believes that the FIO adds another Federal voice and can enhance existing efforts of the NAIC and the insurance regulators. However, the FIO does not speak for insurance regulators. Accordingly, we expect the Treasury Department to give deference to and be supportive of the views of the regulators in forums that focus almost exclusively on regulatory issues, such as the IAIS.

Moreover, it is inappropriate for the FIO or any other nonregulator to seek to participate in supervisory colleges without an invitation from the regulators.

In conclusion, U.S. insurance regulators have a strong track record of supervision and are committed to coordinating with our international counterparts to help ensure open, competitive, and stable markets around the world. Congress has delegated insurance regulatory authority to the States, so we have a continuing obligation to engage internationally in those areas that impact the U.S. State-based system, companies, and consumers. Uniform global standards are not necessary to achieve this compatibility or equivalent results. We appreciate international developments. We recognize that we should not toss aside our time-tested, State-based system in pursuit of untested and overly burdensome approaches, even for the sake of diplomacy and collegiality. Thank you, and I look forward to your questions.

[The prepared statement of Senator Nelson can be found on page 46 of the appendix.]

Chairman NEUGEBAUER. I thank the gentleman.

And finally, Mr. Woodall, you are recognized for 5 minutes.

STATEMENT OF THE HONORABLE S. ROY WOODALL, JR., MEMBER, FINANCIAL STABILITY OVERSIGHT COUNCIL

Mr. WOODALL. Thank you, Chairman Neugebauer, Ranking Member Capuano, and members of the subcommittee for inviting me to appear before you today.

I am pleased to be here, along with my friend, Ben Nelson, whom I have known for 45 years, since we were both State insurance regulators back in the 1960s. I am also pleased to be here with Federal colleague Mike McRaith from the Treasury Department, where I have really, in a sense, preceded him and the FIO in serving as Treasury's Principal Senior Insurance Advisor for 8 years under 4 Secretaries of the Treasury and 2 Administrations.

My varied background also includes serving Congress itself, both at the Congressional Research Service and also at this committee back in 2004 as a detailee to assist your staff in developing proposed insurance legislation.

As you said, I am now a voting member of the Financial Stability Oversight Council or FSOC—it is a little shorter—in the position that was created by Congress in the Dodd-Frank Act for "an inde-

pendent member having insurance expertise." That is a direct quote.

I am joined at the FSOC by the nine voting members, made up of the Secretary of the Treasury and members who are Federal financial service regulators, as well as the five nonvoting members who serve in an advisory capacity, including Mike McRaith, in his capacity as the Director of the FIO, and John Huff, the Missouri director of insurance representing the State insurance regulators.

As this hearing focuses on international insurance developments affecting U.S. insurers, some have asked, why is Roy testifying? Why was he invited? That is a good question, since I do not lead an agency. I don't have any regulatory or supervisory authority. And most of the work that I do at FSOC is confidential and thus can't be discussed or commented upon.

As mentioned in Dodd-Frank, though, it does not specify any duties for my position, other than having insurance expertise. I am just two lines in the statute, but expertise is never a static concept, even after 52 years of involvement in the insurance sector. It requires a continuous learning experience to keep current on developments and topical issues that may come before the FSOC. Thus, I have tried to be guided by the duties outlined by Congress for FSOC itself in order to define what my own proactive role as a voting member should be.

Let me briefly cite the duties as they pertain to international insurance matters. Section 112 of Dodd-Frank lists among the Council duties the monitoring of domestic and international financial regulatory proposals and developments, including insurance and accounting issues, as well as advising Congress and making recommendations in areas that will enhance the integrity, efficiency, competitiveness, and stability of the United States financial markets.

Under Section 175 of Dodd-Frank, it is clear that I am also to be a consultant to the Treasury Secretary, for it provides that the Chairperson of the Council, in consultation with other members of the Council, shall regularly consult with the financial regulatory entities and other appropriate organizations of foreign governments or international organizations on matters relating to systemic risk to the international financial system.

As outlined in my written testimony, I have encountered some difficulties in trying to be effective and proactive in fulfilling what I perceive to be those duties and responsibilities as a member of the Council, that is, to monitor international insurance proposals and developments and thus be able to maintain an optimal level of expertise to assist the Chair of the FSOC in making recommendations to the subcommittee of Congress on international matters. The international forums critically important to the insurance right now have been mentioned, the IAIS and the FSB, yet I do not believe that their structures have been sufficiently updated to allow for the full engagement with all members of FSOC, which Congress established as being chiefly responsible for the United States in monitoring, identifying, and addressing systematic risk as well as responding to threats to our financial stability.

As set forth more fully in my written testimony, efforts have been under way at the IAIS to allow me and other Council mem-

bers to attend IAIS member-only meetings as nonvoting members. Currently, the FIO, the NAIC, and our State commissioners are voting members at the IAIS. The inability for me and other Council members to attend the closed meetings of IAIS would create a pattern that would be similar to what we now have in the role that the FIO plays as a nonvoting member of FSOC. Additionally, as discussed in my written testimony, greater opportunity for engagement with the FSB is certainly worthy of consideration.

I want to emphasize that my purpose in being here today is not to be critical. I do not feel an obligation to—but I do feel an obligation to express my concerns over certain procedural impediments to the FSOC and its members from working more effectively with our State insurance commissioners, the NAIC, and the FIO, especially on international matters.

In conclusion, I have heard Ben and others say that each of us needs to stay in our own lane, referring to our statutory authorities, and he is right, but even though the lane lines can be blurry at times, we need to make sure that we are all on the same track, moving in the same direction and at the right speed in order to best serve the interests of this country. Thank you. I look forward to answering any questions you may have.

[The prepared statement of Mr. Woodall can be found on page 52 of the appendix.]

Chairman NEUGEBAUER. Thank you, gentlemen.

We will now have questions from the Members, and each Member will be recognized for 5 minutes for questions. I would ask the panelists to be as succinct as they can in answering those so that we can get through the questions. One of the things we have to remember—I think we are going to have votes in the next 10 or 15 minutes. It is my plan to get through as many questions as we can, then we will go vote and come back, and we will ask the panel's indulgence to allow us to go do this Constitutional responsibility that each one of these Members has.

Mr. McRaith, in your testimony, both written and oral, you used the words "to coordinate" our efforts on an international front, and I assume you feel that that is your—and I think it gives you authority to be one of the representatives in this process. So when you are coordinating and you are representing viewpoints, for example, in your role as the Chair of the technical committee, what efforts are you making to make sure you have a consensus that the viewpoints and positions you are taking basically have the broad support of the stakeholders in the United States?

Mr. MCRAITH. Two elements to answer your question: First of all, with respect to interested parties other than the State regulators, and other than Federal agencies who have an interest, we have extensive active outreach and engagement with all different industry groups and consumer groups as well. With respect to Federal agencies, we speak with them on a regular basis and receive their feedback.

With respect to the State regulators, let me remind you what you may already know. I was the insurance commissioner in Illinois for over 6 years. In fact, if I were still a commissioner, I would be the president of the NAIC next year; I would be the president-elect this year. I spent many years working before, during, and after the fi-

nancial crisis, long days, late nights, and through the weekends with my colleagues from other States. Fantastic people, tremendous professionals, many are my friends and will be for the rest of my life.

Having said that, in terms of our actual coordination, I can give you some examples just from recent history. Last week in Basel, on the subcommittees, we had State regulators, FIO staff; at the OECD meeting, State regulators right alongside FIO staff; on Monday, deputy staff from the NAIC and the States on a phone call working on the EU and the U.S. project with FIO staff; on Tuesday, a telephone call with the Vermont commissioner.

Chairman NEUGEBAUER. Thank you. And so you are saying—let me just summarize: you are saying that you believe you are bringing everybody along.

Now, I want to go to Senator Nelson. Senator, do you feel that there is a consensus being drawn here on these issues, and that the insurance commissioners feel like their positions are being put forth in these negotiations?

Mr. NELSON. Mr. Chairman, I would have to say that a number of the commissioners believe that the cooperation is intermittent, that at times we have had these conversations; we have had meetings as late as May 17th face-to-face. We have had discussions, but most times, it seems like the question of the position of the Treasury or the FIO on a particular issue is unknown and not expressed to us.

I asked the question in a telephone call about an issue, and Director McRaith very courteously said that he couldn't communicate the position, and I asked when he would be able to, and he couldn't tell me when he might, and this was on a joint call with a whole host of commissioners.

So whether or not there is an effort and we get together, I think there is a general belief and a feeling that we don't get the kind of information in a timely fashion consistently as we should. We believe that the Treasury has deferred and should defer to the States on regulatory issues, and we don't feel that there is enough communication to complete that responsibility.

Chairman NEUGEBAUER. Thank you.

Now, Mr. Woodall, you and I had a good conversation the other day, and I thank you for that. So, there is kind of an interesting relationship here between your office and Mr. McRaith in the sense that Mr. McRaith is sitting on a panel internationally that may designate a number of U.S. companies, U.S. insurance companies as G-SIIs, and you sit on the FSOC, which has just recently, I guess, determined that—we don't know the number, but some number of U.S. companies, and some of those may be insurance companies, would be SIFIs, but neither one of you—so the question I have is if, for example, Mr. McRaith, their panel decides to put six U.S. companies as G-SIIs, and the United States only has, say, three U.S. companies on there, how are we going to reconcile the difference?

Mr. WOODALL. I operate only as a member of the council, and the council is charged with a specific duty, as I said, as to what we are supposed to do, and we are supposed to coordinate, and I try my best to do that within the boundaries, without getting out of my

lane. You are right, the two different methods may be, they are pretty much in general concept, they are after the same thing. They may not be identical as far as the process between the IAIS and what the FSOC is doing, but I think there is a continuing effort to do that. The members of the Financial Stability Board (FSB) who are now looking at this, what comes out of the IAIS are the three Federal people I mentioned in my testimony—the Fed, the SEC, and they are—and the Secretary of the Treasury, and right now, for instance, Governor Tarullo chairs the key committee at the FSB that any information that flows up through the IAIS goes through that committee, and I have spoken with him several times, and I have great confidence that he, as much as possible, will make sure that these efforts are coordinated.

Chairman NEUGEBAUER. I thank the gentleman.

I apologize for going over my time. I now recognize the ranking member, Mr. Capuano, for 5 minutes.

I think that we have changed the batting order here, and the gentleman from Missouri, Mr. Cleaver, is recognized for 5 minutes.

Mr. CLEAVER. Thank you, Mr. Chairman.

I thank the panel, again, for being here. I want to take a retro approach to this because I think it would help me. I was here—most of us were here—in September 2008, when we bailed out AIG, and of course, AIG was regulated in a weird kind of way with a variety of regulators, so it is a little unlike what you are doing. But was the problem with AIG that it was too-big-to-fail, or did they have a problem and liquidity crisis when they kind of moved away from what most insurance companies do and started trading credit derivatives? What happened, and should we be concerned about insurance companies' growth? They were in 100-plus countries, 130 countries and jurisdictions, I think they had over 100,000 employees worldwide. What went wrong, and what can you tell me about how we can make sure that nothing like that happens again? Senator?

Mr. NELSON. First of all, I want to thank you for the introduction. I appreciate the courtesy of doing that. The NAIC is very honored to be located in your district.

I would say that only perhaps in a misunderstood way is AIG looked at as an insurance company problem, because the insurers under the holding company were all solvent, were financially regulated by various States, and there weren't any problems with stability and solvency with the insurance operations, but the fact that the holding company became a thrift holding company and was subject to other, to jurisdictional regulation at the Federal level, which would have been, I suppose, what they call group or consolidated supervision, but the insurers themselves were all solvent because they were regulated by the States. It was the holding company problem that has now, I hope, been solved at least in part because the thrift regulatory system has been disbanded and moved into another operation. So I think that is what you would have to say, that it was not an insurance failure in any sense.

Mr. CLEAVER. Mr. Woodall?

Mr. WOODALL. Speaking from a retro type position, too, I think it emphasizes what he said, the fact that what triggered it was activities going on at financial products in the United States.

Mr. CLEAVER. Like credit derivatives?

Mr. WOODALL. Right, right, and it shows really how there is a need for international cooperation to make sure that something like that is not a gap in the regulatory structure.

Mr. CLEAVER. Thank you very much.

Their board had threatened to sue. That has nothing to do with this hearing. I am just irritated, and this is the only chance I get to say it publicly, that the board wanted to sue us, sue Congress for bailing them out because they said it damaged the investors. I don't want a comment; I just want the world to hear me say that. I feel better now.

I am not going to have time to—I wasted my time on AIG's board, so I will yield back the balance of my time, Mr. Chairman.

Chairman NEUGEBAUER. I thank the gentleman, and now the gentleman from Missouri, Mr. Luetkemeyer, is recognized for 5 minutes.

Mr. LUETKEMEYER. Thank you, Mr. Chairman.

Mr. McRaith, in the negotiations with regards to the ComFrame work that you are doing, how are you defending the American model of insurance that we have, the insurance regulatory system that we have here?

Mr. MCRAITH. It is probably worth talking about ComFrame, very briefly.

Mr. LUETKEMEYER. Very briefly. I only have 5 minutes.

Mr. MCRAITH. Very briefly. As I mentioned earlier, the IAIS is a standards-setting organization. ComFrame will be a set of standards. ComFrame will ultimately facilitate comparability among supervisors, enhance confidence and trust between supervisors, facilitating growth of U.S.-based insurers in other parts of the world. That is why we support ComFrame.

In terms of defending the system, the IAIS, as a standards setter, does not dictate to this country or any country how or whether a country should restructure its existing regulatory system.

Mr. LUETKEMEYER. Okay. Through this discussion that you are having, there is not going to be any delegation of supervisory authority whatsoever over our insurance companies to another supervisory group of any kind?

Mr. MCRAITH. No. In fact, what will happen is there will be a set of standards developed for ComFrame, and then the U.S.—

Mr. LUETKEMEYER. Okay, my problem there is when you set the set of standards, who is going to enforce the standards?

Mr. MCRAITH. It is then left to the jurisdiction. In this case, the States or Congress will determine how to implement the standards in a way that fits for the United States.

Mr. LUETKEMEYER. Okay, so we are going to have a set of international standards that are going to be forced on us that we will have to take, or is this something that the insurance companies themselves will make a determination as to whether they want to accept?

Mr. MCRAITH. By design, they are outcomes-based. ComFrame will have standards that are outcomes-based, and the question then for the State regulators and for Congress will be, how do we want to achieve those outcomes? Are there outcomes we disagree

with? If so, that is where we push back in the international context.

Mr. LUETKEMEYER. It seemed that we would have a good model here in this country on how to regulate insurance companies from the standpoint that the States are doing a good job. If you take that model worldwide, allow each jurisdiction to continue to oversee it, if you want to have some common standards that is fine, but I don't think they need to be forced down anybody's throats. This is very concerning to me from the standpoint that we have a model that is working. Let's not break it—it wasn't a problem in 2008. It is not a problem today. So if we go out and do something different, I hesitate that we should be making any sort of commitments or tinkering with the system. I am sure Senator Nelson would probably feel the same way. Would you like to comment, sir?

Mr. NELSON. I do feel that way. What we should be seeking to do is to find the best practices, and the best practices are on both sides of the Atlantic, but what we need to avoid is having a bank-centric system put in place even with standards that are—the business model of banks and insurers, those business models are different, and the standards that are being primarily discussed by ComFrame as part of solvency II, or Basel III, are bank-centric in nature. They are capital, they are basically capital requirements even when they say that they are not going to have a global capital standard in ComFrame. That will be the effect of it. It will be a bank-centric approach as opposed to finding the best practices for insurance regulation.

Mr. LUETKEMEYER. Have you looked at the cost that would be incurred by the policyholders as a result? Now, you can say the cost is going to be assessed to the company, but we all know that it goes back to the policyholders. So what kind of costs will be incurred by the policyholders if these models would be imposed on them?

Mr. NELSON. There is no cost—to my knowledge, there is no cost-benefit analysis on the cost of this process.

Mr. LUETKEMEYER. Do you anticipate one being done before we approve anything like that?

Mr. NELSON. Yes.

Mr. LUETKEMEYER. You would hope that would be the case.

Mr. McRaith, are we definitely going to do that?

Mr. NELSON. I have been—

Mr. MCRAITH. In fact, the plan—I'm sorry, Senator.

Mr. NELSON. No, go ahead.

Mr. MCRAITH. The plan is that ComFrame as a concept will be finalized this year. Starting in 2014, for 4 years, there will be testing with companies to determine exactly what is the cost, what is the benefit, how do we serve the practical interests of supervisors and companies as we move forward?

Mr. LUETKEMEYER. How do you anticipate implementing that, Senator?

Mr. NELSON. I am as tight as three coats of paint, so what I like to do is I like to know what something is going to cost before we engage in testing it to find out, then what it costs us to test it to know what it is going to cost to implement it. So I have a different idea of that, and I think others do as well. I am worried about the cost as well as the application of an overburdensome, overly pre-

scriptive—you can say that it is not prescriptive, but once you set standards, they are prescriptive.

Mr. LUETKEMEYER. Thank you very much. My time is up.

Mr. Chairman, I yield back.

Chairman NEUGEBAUER. I thank the gentleman.

And now the gentleman from California, Mr. Sherman, is recognized for 5 minutes.

Mr. SHERMAN. Thank you, Mr. Chairman.

And thank you, Mr. Ranking Member, for letting me go in this turn. The insurance industry survived the real-life stress test of 2008. Virtually all of the State-regulated insurance companies survived. AIG was perhaps the best stress test for certain of its subsidiaries. That is to say, you had a management of the holding company as dedicated to risk management as any inebriated gambler in Las Vegas, and in spite of that at the very top, the individual insurance companies all remained solvent.

Now, what those drunken gamblers did at the holding company level is they sold credit default swaps. That is to say, if they had gone—somebody holds a $10 billion portfolio of, say, mortgage-backed securities backed by a bunch of subprime loans and says, oh, gee, maybe I won't get paid. If they had gone to an insurance company and said, please issue me an insurance policy that my portfolio won't drop by more than 10 percent, there would have to be reserves. The insurance company would be limited to the number of policies it could write because if you write one such $10 billion policy, you have to have reserves if you are going to write another $10 billion policy. And certainly, we wouldn't have insurance sold by the unregulated parent of a bunch of insurance companies, especially run by drunken gamblers.

But for some reason, we decided that a credit default swap wasn't insurance. Is there any practical difference between a contract that says if your $10 billion portfolio drops and is only worth $9 billion, we will write you a check, we will insure you against that risk, that would be insurance, and if we go to the same holder of a portfolio and we say, you have the right to trade your $10 billion portfolio at anytime you want for $9 billion worth of U.S. Government Treasuries, which of course you would do only if the value of your $10 billion portfolio had dropped by more than 10 percent? Why are we not making credit default swaps which are, in essence, an insurance policy against the decline in a portfolio of securities, subject to insurance regulation at some level?

Mr. McRaith?

Mr. MCRAITH. I would distinguish CDS from other insurance products in terms of both the size of the wager and, in many cases, the participants. It is not a consumer per se. These are highly sophisticated investors—

Mr. SHERMAN. If Wal-Mart gets fire insurance on all of their stores, they are just as big, they are just as sophisticated as somebody with a $10 billion portfolio.

Mr. MCRAITH. Right, and as you know, the Dodd-Frank Act has looked at oversight and revision of regulation of these types of products, as should happen. At one time—

Mr. SHERMAN. So you are saying the power of Wall Street has prevented Congress from doing what obviously needs to be done?

Mr. MCRAITH. Actually, what happened, I remember as a commissioner in the midst of the crisis, there were a number of commissioners saying that perhaps we should regulate the CDS as an insurance product. In fact, I think some of the State legislators were suggesting that.

Mr. SHERMAN. Okay. I want to go on to Senator Nelson.

I wonder if you have any comment on this? Is there any economic difference between a credit default swap in the situation I have outlined and an insurance policy?

Mr. NELSON. I am one who believes that if you are issuing the swaps, you ought to have adequate capital to do that for sure. Whether you consider it an insurance product or not, there is a risk associated with it that ought to be backed by capital, and the problem with AIG was there was no basic cap—sufficient capital to back the obligations made. Those obligations were not incurred by any of the insurers, to my knowledge.

Mr. SHERMAN. Yes. If it is a regulated insurance product, there will be reserves. If it is not, then typically there aren't reserves. If I agree to sell a bunch of coal to a company at a particular price 10 years from now, I am not a regulated company, I may or may not have money now or in 10 years. But those who sold credit default swaps were providing insurance. They insured against the decline in the portfolio. They made mistakes. They issued an unlimited number of policies, not backed by capital, and what we have done to prevent this from happening in the future is nothing.

I yield back.

Chairman NEUGEBAUER. I thank the gentleman.

We are going to take one more questioner, the gentleman from California, Mr. Royce, and after his questions are over, we are going to recess. There are two votes, and I ask Members to, as soon as votes are over, come back so we can reconvene the committee. Mr. Royce, you are recognized for 5 minutes.

Mr. ROYCE. Thank you, Mr. Chairman. Discussions on international insurance regulation always bring us back to the lack of uniformity in the State-based system. Even on issues most of us agree on, such as solvency and producer licensing, product approval, NAIC model laws have proven a useful exercise, but they have consistently failed to be adopted by all States, and even when largely adopted, we end up with variant language among the States. The recent individual State revisions to the solvency model law stand as yet one more example of this. The NAIC has acknowledged that certain insurance regulatory topics are appropriate for national uniformity, and it has looked into mechanisms for doing so such as a draft national insurance supervisory commission proposal. This was an idea that may or may not have had merit, but it never had a chance to succeed because of the manner in which it was developed. It was drafted and discussed extensively behind closed doors at an NAIC commissioners fly-in meeting in New Castle, New Hampshire. As with 100 percent of all NAIC commissioners' conferences, commissioners' roundtables, executive committee retreats, officers meetings, and zone retreats, this meeting again was closed to the public. The topic and the discussion were confidential until the proposal was leaked. Only then did NAIC engage in discussions with stakeholders, but they had started on the

wrong foot. The headline of a trade press article was, "NAIC Uniformity Plan Hits Wave of Mistrust", and State legislators hammered away at the proposal, halting any public debate.

I wonder if the Senator can give his thoughts on the NAIC process? When the NAIC membership meets in private to discuss matters of public policy, and only discusses the matter publicly after a news leak, does this undermine credibility? These are public officials, but they are meeting as a group under the auspices of a private corporation, the NAIC, with private travel paid for by yet another group, NAIC-Newco. On this point, I would also like to submit for the record a recent article that details the travel and cost of travel of NAIC officials.

Senator Nelson, if you have seen this article, does it raise legitimate concerns about NAIC's influence over its members when it pays for vacation-quality travel for commissioners while at the same time selling its services to those public officials as a private vendor? And if you could also respond to questions about the open meeting policy? The floor is yours. Thank you.

Mr. NELSON. Thank you, Congressman.

I think that the NAIC continues to improve the openness and the transparency of the committee, subcommittee, working group process. There may have been times when it was less robust than it is today, but I think that there is a greater interest in transparency than I saw 30 years ago when I held this same position, and so I think there is more of an opportunity to have consideration time and again because it goes through the process.

Typically, it starts at a working group, goes to a subcommittee, then to the full committee, to the executive committee, and to the plenary session. So there are numerous opportunities for any proposal to have consideration, and, for example, in terms of acceptance by the States of uniform regulations or uniform laws, right now the reinsurance, model reinsurance bill has been adopted by about 12, or about 45 percent of the total market. By the end of next year, it is anticipated that it will cover 75 percent of the reinsurance ceded market in the United States. So it is—whether you count the number of States or whether you look at the size of the market that is affected, I think there is substantial compliance to get model legislation wherever possible.

But one of the benefits of State regulation is that State regulation is based on the needs of folks back home. We are talking about international issues here today. But really what this is about is the folks back in your district.

Mr. ROYCE. It is. But, again, I raise that question over influence over its members while at the same time selling its services to those public officials as a private vendor, if you could later give me a response on that? And the bottom line is, will the policy be changed in terms of everything is private in terms of these closed-door meetings. Nothing is public in terms of these proposals. And that is a concern.

Chairman NEUGEBAUER. The time of the gentleman has expired.

We will now recess the hearing, and as soon as votes are over, we will reconvene.

[recess]

Chairman NEUGEBAUER. The committee will come to order. I now recognize the gentleman from California, Mr. Miller, for 5 minutes.

Mr. MILLER. Thank you, Mr. Chairman. I really enjoyed the testimony. I heard there had been open and vocal disagreements in international meetings and—in front of each other and I really enjoyed the testimony. And I guess I recommend a marriage counselor because people need to start talking.

When we had Secretary Geithner and Chairman Bernanke in here, I asked a specific question. I said, "Do you believe that banks should be regulated the same way insurance companies are or vice versa, or should insurance companies have different regulations than banks?" And they both agreed they thought that was appropriate. They don't think it is appropriate to have both of them being regulated by the same rules. And I guess I just—I understand that the IAIS believes it is an obligation to adopt some global capital standard for all insurers. So I just want to come out and ask a direct question.

Senator Nelson, do you think bank-centric capital standards are appropriate to apply to U.S. insurance models?

Mr. NELSON. Let me answer it this way. I have respect for both Chairman Bernanke and Secretary Geithner. I might respectfully disagree that they need—

Mr. MILLER. So you think they should be regulated the same?

Mr. NELSON. Differently. Did should—did they say they should be regulated—

Mr. MILLER. They should be regulated differently.

Mr. NELSON. Yes.

Mr. MILLER. You were scaring me. Because I had really listened.

Mr. NELSON. No, no, no.

Mr. MILLER. And I thought, I am really getting old, or I need to have my ears inspected instead of my eyes. Because I had heard you say you thought they were completely different and you thought applicable regulations to both would be inappropriate. And I think it would be—we went through a huge financial crisis.

Mr. NELSON. Now that you clarified—

Mr. MILLER. That sector was not impacted. AIG, which is a different issue.

Okay. Mr. McRaith, do you agree with Senator Nelson?

Mr. MCRAITH. I absolutely agree that the insurance industry should not be subject to bank capital standards.

Mr. MILLER. Mr. Chairman, I am loving these guys all of a sudden. Because it seems like we had all kinds of questions all day and discussion and a lot of people out there were believing that somebody was thinking that we should regulate them both the same. And I know there are a lot of insurance companies out there. Some you talk about, Senator Nelson, that had a very minor bank holding company that just did it as a courtesy to their organization and stuff, and they have just sold them off because they were panicked that those standards were going to apply. And I am glad that you both have—you made me feel a lot better, you really did, because I introduced legislation to stop this. Because we heard it was starting again, the concept of doing this. And then I had heard the problem with vocal disagreements. And I am not—I didn't mean to be critical. We need to talk.

Chairman Neugebauer and I, if we disagree on something, we will go in a room, private, and we will have a discussion. And we will both voice—I don't think we have ever had that kind of discussion. We might have a difference of opinion on certain things. We have never come out here publicly and gotten in a brouhaha in front of everybody over an issue. We might ask different questions and maybe we would both like different responses.

But that answer was extremely important to me. Because we have—I have heard both of you make your presentations, and I appreciated both of them. But then, I had heard about the vocal disagreements and such. So it is niceto have it out there.

Now, if we all would sit there, Mr. Woodall, everybody agree that we all agree, and we will fight those people who believe that one-size-fits-all internationally. And that is good for the United States, which I don't agree with—I think it would be a huge mistake. I think I—when I was at the State, I got to chair the insurance committee for a while, and I really enjoyed that. I believe in optional Federal charters for insurance, even. I would like banks—to give them an opportunity if they want to do that. If they want to, yes; if they don't want to, fine. But to have some other body determining how we should regulate our specific industries is very scary because they don't understand our model. If you go to the EU, it is a different model than we have here. Ours is specific to the United States, and I think it has worked very well.

But in recent months, I have had more meetings with people from the insurance industry who are very, very concerned, more so than they need to be, now that I have heard what you both believe.

So if I have Mr. McRaith and Senator Nelson, and I have Secretary Geithner and Chairman Bernanke all saying that is a very bad idea, we need to record this meeting, Mr. Chairman, and we need to replay it. Every time somebody brings this issue up, we need to say, no, nobody believes it is going to happen. And it is kind of like my opening statement, because I really only asked one question, but I would really encourage all of you to start talking about this publicly and letting other people know that you believe this, and you are going to make sure that you do everything possible to make sure this happens. And then, there are a lot of us on the committee who would be much more at ease knowing that was a sentiment, and we are all in unison here, agreeing that, for our country, this is wrong; for our business sector and the insurance industry, it is wrong, and for our economy, it would be a disaster. So I am not going to ask all these other stupid questions because they don't really apply anymore. You gave me the answers I wanted to hear, that you both think they are different, and they should be regulated differently and treated differently.

And based on that, I yield back my time. Thank you.

Chairman NEUGEBAUER. I thank the gentleman.

And now the gentleman from Florida, Mr. Ross, is recognized for 5 minutes.

Mr. ROSS. Thank you, Mr. Chairman. I appreciate the opportunity to ask some questions and to follow up with Mr. Miller.

I come from a State, Florida, that has been used more as a bad example for an insurance market than anything, but a demand that is uncompromising to some of the other jurisdictions out there.

And yet, our regulatory environment under our insurance commissioner has worked, despite some of the natural catastrophes we have had.

Mr. Woodall, the Financial Stability Board has charged, of course, IAIS with the responsibility of identifying the G-SIIs, or the G-SIFIs, however you want to do that.

My concern with that is that if they find a U.S. or domestic insurer to be one of those G-SIIs, what due process or—at least with the SIFI, we have due process. The nonbank financial institutions that have been identified in the last week at least now have an appeal process. Is there any such due process under the G-SIIs?

Mr. WOODALL. Congressman, I think we discussed this a little earlier as far as what happens if a G-SII is named by the FSB. And the efforts that are going on to try to coordinate that. Obviously, the systems are not identical. There are some differences. There are some weighting factors that they use.

Mr. ROSS. Couldn't the identification of a G-SII, a domestic, a U.S. domestic insurer taint the designation as an SIFI under our current standard here. In other words, it would seem to me that if you are going to have a G-SII of a domestic insurer, they would also then almost axiomatically be a SIFI under our—our system under Dodd-Frank.

Mr. WOODALL. Not necessarily. I think that certainly the FSOC would take note of that because that is a very important factor.

Mr. ROSS. Yes.

Mr. WOODALL. To take note of it. But they would not be bound, because this Congress has set what we are supposed to determine it on at FSOC. And we use the metrics and the procedures that Congress set out for such determinations as a SIFI in this country.

Mr. ROSS. Again, that is why I am glad you are on FSOC. And I am glad you are a voting member. Now, be that as it may, I understand the IAIS is setting these standards for G-SIIs. Why aren't you on that? Why aren't you a part of the designation committee for G-SIIs?

Mr. WOODALL. Congressman, I did cover that in my written testimony, because I had mentioned the fact that I did feel like that since we have a comparable situation, when we look at—

Mr. ROSS. I have confidence in you, I just want you to know that. I would like to see you there, because I think it is a two-way street. Not only do we have to protect our insurers, domestics that are doing business here, but we have to protect our domestics that are doing business there.

Mr. WOODALL. I would like to be in the room, too, when Mike McRaith is there, because I think it is important. I would like to help him. I don't think that it is any sort of a conflict. I think the more boots on the ground, the better, and I don't think there can be too many eyes and ears in a meeting like that to try to come up with a right consensus plan.

Mr. ROSS. I couldn't agree more. And the lack of that—a lack of your presence being there gives the suggestion that maybe we are not putting forth the best effort on behalf of our domestic insurers in dealing with international regulatory rules and reform.

Mr. McRaith, you have been the Director of the FIO since its inception; is that correct?

Mr. MCRAITH. I started 2 years ago. So approximately a year after the Dodd-Frank Act passed.

Mr. ROSS. And under FIO, we have charged them responsibility for issuing some reports. Yesterday, we received our report, at least I had a chance to look at the executive summary. You talked about the modernization one. There have been several that missed deadlines, including the market with regard to reinsurance. Reinsurance is really important to my jurisdiction. It becomes a villainized industry when we are doing ratemaking processes at the OIR in Florida.

I know it has been 18 months since these reports should have been issued. How are we coming along? Are we able to get a draft report? Can we get a sense of what might be out there and when you think these reports might finally be issued and submitted to Congress?

Mr. MCRAITH. Absolutely. First of all, I want to recognize the importance of the reinsurance market to the State of Florida and, frankly, for the entire country.

Mr. ROSS. Yes.

Mr. MCRAITH. The annual report is the first in line, first in the queue, so to speak. We will be releasing our modernization report, as I mentioned, soon.

Mr. ROSS. Soon.

Mr. MCRAITH. And our hope is this summer.

Mr. ROSS. Good.

Mr. MCRAITH. We are aware of the need to release the reinsurance report. We will have a report on natural catastrophes as well, also an issue of interest to the State of Florida.

Mr. ROSS. I hope we dont have any new data for you in the next 3 months for it, either.

Mr. MCRAITH. Yes. We are all hoping for that. But you should expect to see all of those in the near term. The first one is out. We have the process in place. And we are looking forward to providing you with those reports.

Mr. ROSS. Thank you. I yield back.

Chairman NEUGEBAUER. I now yield to the ranking member, Mr. Capuano, for 5 minutes.

Mr. CAPUANO. Thank you, Mr. Chairman.

Director McRaith, the ComFrame, the IAS stuff, this is not going to be mandatory in the United States; is that correct?

Mr. MCRAITH. That is correct.

Mr. CAPUANO. So it is advisory with kind of a best, as they see it—a best practices type of thing.

Mr. MCRAITH. Their best practices for the United States to adopt in a way that works for the United States.

Mr. CAPUANO. Fair enough.

Senator, in your—you have been involved with the insurance industry for a long time in various capacities. And in my previous life, I was a little bit involved in insurance as well. And I remember that there used to be—all the commissioners would get together and they would come up with model legislation that different States would participate in and they would adopt or not adopt. Am I right about this? Is my memory serving me correctly?

Mr. NELSON. That was, and still is, the process.

Mr. CAPUANO. And that is a similar thing. It is a suggestion, for all intents and purposes, best practices as the group sees it that each commission or each State could then make a determination whether it would adopt or not adopt or adopt some of it or amend it or whatever. Do I have that right?

Mr. NELSON. That is correct.

Mr. CAPUANO. So it is just like on a State-By-State level exactly what IAIS is suggesting on a country-by-country basis. That there is no—there is no power to enforce it. There is no requirement that it be done. It is how they see it. The same thing in this case how the association would see it. So, therefore, I—though I understand fully well, and I totally agree, we should never give up our regulatory scheme to any other country, which, by the way, we just did yesterday on the Floor of the House. That is a different issue. But we shouldn't. But we should look at different countries to see maybe they do something that we should do, or whatever.

Mr. NELSON. Absolutely.

Mr. CAPUANO. So I think from what I see at the moment, especially as I understand the ComFrame, there is no intention of adopting or enacting any of this until 2018, anyway. So there is a lot of time to come up with the right answer, to react to it, to say we like Section 1, we don't like Section 2. And to have that open, public, honest discussion between States, between countries, and to make that—again, do I have my timeframe right, Mr. Director?

Mr. MCRAITH. That is correct, absolutely.

Mr. CAPUANO. Which, to me, again, without drawing a conclusion on the individual proposals, I think that seems to be the right way to go, to have the open discussion in a debate. Some people will agree, and some people won't. What is best? How do you work within an international framework? It is actually what we are doing on every aspect of financial services across the world, trying to figure out, is Basel II, Basel III, whatever it might be for banks and insurance companies and anybody who does international business, we are trying to figure out how to do all that in a coordinated manner. So I—honestly, this whole process seems to me to be something that is quite normal. And we are not at the point yet where we should be pulling our hair out—not that I have much left, but whatever is left—and worrying about it. Though, I do think it is appropriate to raise those issues.

Yes, Senator? Go ahead. Jump in.

Mr. NELSON. If I might respond to that, the NAIC, the commissioners are not opposed to developing a common frame or a ComFrame. As a matter of fact, we are putting together a proposal that embraces those parts of ComFrame that we think are appropriate, most appropriate to avoid having the prescriptive nature of it. And, in addition, we are going to identify those areas where we think the language in the 140-page document is difficult to understand, and won't work. But the biggest concern is that what ComFrame seems to be doing is being based on a bank-centric approach. That is our biggest concern.

Mr. CAPUANO. I understand.

Mr. NELSON. Not about this little piece or that piece.

Mr. CAPUANO. That is exactly what we went through with FSOC. As a matter of fact, I had a lot of insurance companies coming in

on the exact same thing relative to FSOC. I think those are fair and reasonable concerns. And I think, as we play out over time, you will find a lot of friends here with—maybe not the same conclusions, but the same concerns. And I for one am happy to listen.

Mr. Woodall, have you asked either Treasury or the Fed if you could maybe go on staff one day a month or something and kind of sit in the room under a different hat or something? It seems ridiculous that you can't get in the room and participate in the discussion. That just doesn't seem like the right answer to me.

Mr. WOODALL. In other words, a detail. I was a detail to this committee for about 10 years.

Mr. CAPUANO. Yes. Why can't we find a way again—

Mr. WOODALL. I think we can find a way. There are always different ways to get something done. I can be invited in the room under the bylaws of—if someone invites me in. If I am at the meeting, it is just the fact that if I am at the meeting and they say, we are going into executive session, and I leave the room and I look back there and there are IMF employees and employees from Treasury, but I can't get in the room. That is the frustrating thing.

Mr. CAPUANO. Actually, this panel is a classic example. There is no one person or no one entity as far as I am concerned that I want to give every ounce of power to. I want there to be an open discussion. I want there to be an open debate so we can get this done as best we can. And, therefore, again, I don't even know what you think on these issues. But you clearly hold an important position. And you should at least, if nothing else, be aware of the discussions, even if they don't want to listen to you, which is fine. And as far as I am concerned, as one Member, certainly if I can do anything to help get to these details, I am more than happy to do so for the sake of trying to get all the right players in the same rooms at the same time so we can have these discussions sooner rather than later. So if there is anything we can do, please—

Mr. WOODALL. It is a consensus process, just the way this committee and this Congress works on consensus, I think I agree with you that is the way it should be done.

Mr. CAPUANO. Thank you.

Thank you, Mr. Chairman. Thank you for your indulgence.

Chairman NEUGEBAUER. I thank the gentleman.

The gentleman from Virginia, Mr. Hurt, is recognized for 5 minutes.

Mr. HURT. Thank you, Mr. Chairman.

I thank the panelists for being here this afternoon. I want to direct my first question to Mr. McRaith, and then maybe have comments from the other gentlemen.

I think that, generally speaking, people believe the U.S. insurance regulatory structure is a fine one, is a good one. And I guess what I would ask is, do you agree with that in whole, Mr. McRaith, and if you do, can you talk about how you defend that when you are talking to your EU counterparts? How do you defend that? And then I guess the second thing is, can you talk about the U.S. regulatory structure and its effectiveness in the context of competitiveness, the competitiveness issue that U.S. insurers face as a consequence of the decisions that will be made by these bodies?

Mr. MCRAITH. Sir, let me try to take your three questions in order.

The first question you asked is whether the system in the United States is fine, from my perspective. And I think I probably share the view of this committee, which is that the regulatory system worked generally well through the crisis. It has served our country generally well for decades. As with any regulatory system, it needs to be evaluated factually, and gaps and issues need to be identified if they exist. That is in the best interest of our country, of our economy, of the industry, and of consumers. So, that is my view of our system.

In terms of, how do I defend that in the international fora, as you asked, I think it is important to remember that first of all, we can't stomp our feet and say no and walk out of the room. The conversations will continue in our absence.

Our view is we have an important role. The United States is a leading insurance jurisdiction. And we need to do the best we can to influence the outcome of international discussions so that you, as Members of Congress, can make decisions about whether and, if so, how our system needs to be reformed. That is in the best interests of our industry, and that, in our view by advocating our view, working with our international counterparts and the State regulators, we can develop a platform that supports the growth internationally that the U.S. insurance-based industry wants to see. We want to support that industry, and participating in the standard-setting is one important way to do that.

Mr. HURT. Along the same lines, how do you evaluate the concerns that—in any way jeopardizing our current U.S. regulatory structure or giving up our sovereignty, if you will, as it relates to those issues, how does that play into the competitiveness of our companies?

Mr. MCRAITH. Starting with some ineluctable realities, the insurance industry in the United States, if it wants organic growth, is mostly seeing that in the emerging markets. That puts additional pressure and stress on having international standards that make sense and support the growth that our companies want, and what we want from our industry. That is exactly what we want to see and that is why we are engaged in the international processes. We want to support an international platform that allows for competitiveness overseas.

Mr. HURT. Thank you.

Mr. Nelson, would you care to comment on that?

Mr. NELSON. Sure, Mr. Congressman. I would concur with what Director McRaith has said.

I would add that in terms of working with our international friends, we want to make sure that the standards that are developed are appropriate for the insurance business, not bank-centric. A global capital standard applied to all across-the-board might work well for banking, but it is inappropriate for insurance. So the commissioners and the NAIC, in working with our international counterparts, want to make certain that kind of a mistake is not made, and we will raise our voices against that. We are not going to stomp and walk out of the room, but we are going to raise our voices.

I think what I said earlier really applies. We are putting together those pieces of ComFrame we agree with, that we think work for insurers, and work on either side of the Atlantic, and around the rest of the world. And we are pointing out those areas and standards that we don't think are appropriate.

Mr. HURT. Thank you.

I believe my time has expired. Thank you all.

Chairman NEUGEBAUER. I thank the gentleman.

And now the gentleman from Ohio, Mr. Stivers, is recognized for 5 minutes.

Mr. STIVERS. Thank you, Mr. Chairman.

And I would like to thank all of the witnesses for being here.

Mr. McRaith, of the eight duties that are specifically mandated to you under Dodd-Frank, one of them we have talked a lot about is your involvement with the IAIS. Another is consulting with insurance regulators on matters of national and international importance. And I guess I want to open the floor to both you and Senator Nelson to find out how that consultation is going, whether the NAIC feels comfortable that it is going okay, and how you feel like that is going.

Mr. NELSON. I said earlier that I think there are intermittent times when there is a consultation. But they are not sufficient in terms of the amount or the nature of what Treasury's position might be with respect to certain issues such as market-consistent valuation, or about other issues. So we were in a position of very often not knowing. Now, I talked to Director McRaith about it, and he has been very clear that in some instances, the bureaucracy of the Treasury is like any other bureaucracy; he might not know, and he doesn't know when he is going to know. So this is not an effort to try to deal with this other than straight up. We have to have a clearer understanding of the positions of the Treasury Department and the FIO, particularly as they relate to State regulation. Outside of State regulation, we are not insisting to know.

Mr. MCRAITH. I am not sure, Congressman, whether you were here when I mentioned earlier in response to the chairman's question, after 6 years and 3 months as a State commissioner, if I had remained a State commissioner, I would be the president of the NAIC.

Mr. HURT. Yes.

Mr. MCRAITH. And, yes, we can do things better. As you know, we are a new office. We are learning. We want to learn. We want to do things as well as we can to serve the interests of our country. I think it is wrong or inaccurate to suggest that we are not working together. And I could go through the litany of things.

Mr. HURT. That's great. You have answered the question.

Mr. MCRAITH. Yesterday—

Mr. HURT. Because of limited time, I will cut you off there. But I would ask you to work harder to get them the information they need. We have a State-based regulation system under McCarran-Ferguson that predates that. It is a 150-year tradition in the United States, and you know it. You were the Indiana or Illinois commissioner. Please do what you can to get that interconnectedness inside of Treasury where you can.

I do want to follow up on a question Mr. Ross asked earlier. He mentioned reinsurance, but he didn't talk about nonadmitted carriers that are also in that study. I just wanted to quickly mention that they are an important part of making our markets work really well, too. And I know that both you and Mr. Ross mentioned half of that study, but I hope you do the whole study, including nonadmitted carriers.

Mr. MCRAITH. Absolutely.

Mr. STIVERS. The next thing I wanted to talk about is to follow up on one of the questions that you have heard a lot about, and I don't recall whether Basel standards have come up specifically, but you answered Mr. Miller's question, both of you, about this. But the Basel standards are really created for banks. And I hope you will resist their imposition on our insurance industry.

So I guess I won't ask you to comment on that. But I will urge you to make sure that they use appropriate standards, not just ones that were created for banks.

The next question I have is a follow up on something that Mr. Hurt was talking a little bit about. So, the ComFrame initiative has really become focused on technical details and standards rather than just establishing a consensus or a set of principles. And I am curious if—Mr. McRaith, could you address this concern, and what you are doing to make it move more toward principles as opposed to prescriptive standards?

Mr. MCRAITH. Congressman, I became the chair of the committee that oversees development of ComFrame in October of 2011. I can't attest to or vouch for the work product preceding that other than to say very smart people from around the world worked together to get to that point. We have heard frequently and with great emphasis from the industry that those provisions of ComFrame that apply to the industry should be principles-based. When the next version of ComFrame is released, which will probably be in late September, early October of this year, you will see a much more principles-based document. It will be focused on outcomes. It will have guidance for supervisors and companies, and ideas for those supervisors and companies on how best to achieve those outcomes. But we are moving in that principles-based direction.

Mr. STIVERS. Great. I will yield back the balance of my time and hope for a second round, Mr. Chairman.

Chairman NEUGEBAUER. I thank the gentleman. The chairman of the Capital Markets Subcommittee, Mr. Garrett from New Jersey, is recognized for 5 minutes.

Mr. GARRETT. Thanks. And I may not use the whole 5 minutes.

This sort of plays off, Mr. McRaith, some of the questions and answers that you have given already. So what I understand from everything I am hearing here, you are moving—not you, ComFrame is moving off from the coordinated, regulated coordination approach to standard-setting. Okay.

But if that is done, does that mean that when we have jurisdictional differences here versus there in the area of solvency, which is one of my pet issues as previously being on—chairing the insurance committee back on the State level, which I always said the only issue that a regulator should really focus on is solvency, everything else becomes secondary after that. Solvency, accounting, cap-

ital requirements, corporate governance. They will be what? If you said it was going to be an outcome-based system, so therefore the standard-setting in your understanding would not be particular on all those four or five areas that I just ran down?

Mr. MCRAITH. I would answer—let me try to answer your question as precisely as I can without getting into too much of the technical details.

Mr. GARRETT. Okay.

Mr. MCRAITH. Generally speaking, the ComFrame provisions that apply to the companies, the risk management, corporate governance, those will move in a much more principles-based direction. The objective of ComFrame is to allow for the supervisors from countries around the world. We want our companies expanding, growing into all these emerging markets. Those supervisors want to know, what is this company we are looking at? And how is it capitalized? What is its financial condition?

So, ComFrame will establish a common vocabulary. But it is not going to be a solvency assessment, per se. It will be a common method, a simple basic formula, how do we evaluate the financial status of the company?

Now, the best part about it is that what we will see at the end of this year is a concept and a proposal. And it will be 4 years of testing with the companies to get their direct feedback.

Mr. GARRETT. I appreciate you not getting too much in the weeds. So let's take something like the capital standards or what have you, so they will come up with a terminology term and that sort of thing. I get you, I think, on that.

Mr. MCRAITH. Yes.

Mr. GARRETT. But what pops into my head is another analogy where we talk in these committees on setting of standards in education and then, of course, their—what is the expression they always use? We are going to teach to the test, then, which, basically, you are teaching to the standards, right? So if you have these core requirements, if you will, which would be the standards here, does that then implicitly, if not explicitly, then, say to the company, to the carrier, this is how your capital standards will have to be met in order to be satisfied, in order to satisfy these standards, as opposed to just saying, you have a standard—and I am not alluding to the whole banking issue.

Mr. MCRAITH. Right.

Mr. GARRETT. That is a valid argument, as well.

Mr. MCRAITH. In fact, I think, on the contrary, what it allows the supervisors of these companies—and, as you know, some of the U.S.-based companies are in 40, 50, 100 or more countries. That is great. That is what we want. And what we want to see is those supervisors be able to understand what is the financial strength of the company. It is not setting a standard; it is allowing them to communicate in a way that builds confidence and trust.

Mr. GARRETT. All right. Just two other questions. If the company is designated as a global systemically important insurer by the IAIS and the Financial Stability Board, what will the consequences be, then, for that U.S. company group?

Mr. MCRAITH. It is important to know—and I was, by the way, pleased to hear Roy talk about this, because our situations with

him, obviously, have informed him very well. The FSB, the IAIS will make a recommendation to the FSB, which will make its determination. That is not self-executing. There is no legal effect of that in the United States. Any determination at the FSB level for any country—for any company would be referred to the domestic authority, the domestic risk-analysis process. And in the United States, that is the Financial Stability Oversight Council. No aspect of the FSOC is going to be abrogated, altered, modified, or reduced because of the international process.

Mr. GARRETT. We will see.

My last questions are on the FIO, they are responsible as far as reports under Dodd-Frank. I don't know whether someone else has asked you this, about the fact that I guess there are, all together, one, two, three, four, five reports. Two of them are done. There are three of them whose timeline has come and passed, January of last year, September 30th. Can you tell me why are they late, and when should we anticipate them?

Mr. MCRAITH. I can tell you that the reports—we released our first annual report yesterday. We are pleased to have that out. We look forward to feedback from you and other members of the committee on that report. It is our first effort. That is the first in our queue. We are working to produce additional reports. You will see our modernization report, which, as you might know, Congressman, I think is the one of interest to many people. That will be out in the near future.

Mr. GARRETT. That was due back in January of last year, right?

Mr. MCRAITH. That is right.

Mr. GARRETT. So shouldn't we have that?

Mr. MCRAITH. We recognize that it is not on schedule. We haven't delivered it as punctually as we would like. But we want to provide this committee with a meaningful, thoughtful report. That is what you will get from us.

Mr. GARRETT. I would think—with the chairman's permission—that sort of information would be information that you would want to have in hand as you are negotiating or discussing the aspect of defending our system vis-a-vis the international system. And we are a year-and-a-half behind there. That would be problematic, I would think.

Mr. MCRAITH. More importantly, we want you to have that information as well.

Mr. GARRETT. Thank you.

Mr. MCRAITH. Thank you.

Chairman NEUGEBAUER. I thank the gentleman.

The gentlewoman from Ohio, Mrs. Beatty, is recognized for 5 minutes.

Mrs. BEATTY. Thank you, Mr. Chairman, and Mr. Ranking Member.

I will try to be brief, and I am going to combine two questions. As you heard earlier, I am from the great State of Ohio. And we have one of the Nation's largest insurance companies in my district. We also have the largest single campus in my district. And in talking with some of the financial managers at the Ohio State University, one of the questions came up about terrorist insurance, risk insurance. And with the backstop here in the U.S. Govern-

ment, the university is paying thousands and thousands of dollars. And so they wanted to know—to obtain coverage for a terrorist attack, without TRIA, will the cost be prohibitive? Will it be impossible to get the insurance? Or do you think they will have to go through surplus lines outside of the United States? Briefly, please?

Mr. MCRAITH. Briefly, as you know, TRIA, as a program, is set to expire at the end of 2014. These are exactly the issues that we will be studying, considering, and evaluating over the next 18 months. And we look forward to hearing the views of your constituents, the industry, and others, of course, regulators, as we make that evaluation.

Mrs. BEATTY. Okay. Thank you. The second question is, as we look at insurance companies who own banks and then insurance companies, as someone earlier said, that are designated as systemically important financial institutions, if each of these companies are wholly domestic, will they be subject to an international agreement on capital rules?

Mr. MCRAITH. Congresswoman, if I understand the question, it is whether a bank or savings and loan holding company in the United States would be subject to international capital rules. I think those determinations are made by the lead supervisor of the bank holding company or savings and loan holding company. And in our case, that would be the Federal Reserve.

Mrs. BEATTY. Okay. Thank you. I yield back.

Chairman NEUGEBAUER. I thank the gentlewoman.

Mr. McRaith, in your discussions with European officials, does the Treasury have any specific concerns with the proposed Solvency II standards for insurance companies operating in Europe and their potential impact on the U.S. insurers?

Mr. MCRAITH. We have—first of all, Solvency II is not a final document. So the exact terms and provisions of Solvency II are unclear at this point. We have certainly heard from industry, both in the EU and the U.S., about Solvency II's impact. Our primary concern was the threat of a unilateral equivalence assessment of U.S. regulation by the EU. And our work with the State regulators and our EU counterparts that has been a constructive, good faith effort now for 18 months, has removed that equivalence threat from the supervisory relationship, and we have worked to improve, as I mentioned earlier, our understanding, our analysis of both systems.

Chairman NEUGEBAUER. Would you support then—is it your position that the United States should adopt Solvency II standards?

Mr. MCRAITH. Absolutely not. I think we have a system here; you are well-versed in it. Our system works for the United States. Whether it should be changed or not is in the purview of this body. Solvency II is a system that can work well for the EU. It has some very good ideas. And very smart people have developed that approach. It has, in fact, been adopted in part in Mexico, China, South Africa, and other countries around the world. We shouldn't turn our back on it. And we wish our best to our EU counterparts. But as a system, it is not one that would work for the United States.

Chairman NEUGEBAUER. My next question is about something that was I think in the New York Times yesterday about captive insurance companies. I think it was a New York attorney general

who mentioned that there should be some additional investigation of that—I guess since we have State regulations, you are involved in monitoring what is going on, do we feel that the States have a handle on captive insurance companies? And I will start with Mr. McRaith and go across the panel.

Mr. MCRAITH. Yesterday's action by the New York Department of Financial Services, which includes their insurance regulators, illustrates, I think, that this is an issue of importance. It is an issue in which the States are engaged, and there are opinions on both ends of the spectrum on this issue.

My understanding from the regulators, and we are monitoring the activity, is that they are working on an appropriate and professional way to bring some uniformity, some resolution to this issue. And I think as well that the industry is very professionally engaged, working to bring some closure on this issue.

Chairman NEUGEBAUER. Senator Nelson?

Mr. NELSON. I would agree with Director McRaith on that assessment of what the NAIC is doing. One of the efforts that is under way is to develop principles-based reserving so that the reserves, the assets being held to protect against the liabilities are matched sufficiently and appropriately. If that occurs, I think you probably will see less use of any captive, and even in the use of a captive, there is a question of whether or not risk has been transferred. So this is an area that is being closely scrutinized. I think there will be a way to harmonize it between the various different points of view. But principles-based reserving will be one of the most important points. Because one of the reasons that you have the captive situation is that there is a belief among some within the industry that the reserving requirements, which are based on a formula, create redundant reserves, over-reserving, unnecessarily over-reserving, not seeking to under-reserve necessarily, but over-reserving. Those are the arguments that are being made. Let's get this reserving system right, and then I think some of these mechanisms will be unnecessary.

Chairman NEUGEBAUER. And so should policyholders—is your message to them today, "We have it covered?"

Mr. NELSON. We want the policyholders to know that when a promise is made to them, the promise will be kept. It matters to your folks back home. It matters to the people all over the United States. We want to make sure that things are done right. And matching reserving requirements to actual needs and capital support is critical to regulation of insurance solvency. And you can be sure that the commissioners are working hard to resolve this.

Chairman NEUGEBAUER. Mr. Woodall?

Mr. WOODALL. I would say in my capacity as a member of FSOC, and trying to keep my insurance expertise up to date, this has been an issue that I have been looking at. I have met with companies that use captives for their reserves. I have met with companies that oppose that. I had a consultation with Superintendent Lawsky on this issue. And I think that if the council, FSOC, decides to make some sort of recommendation, it will. In the meantime, I think it is with the regulators, where it should be. If they could come up with something—it is very typical that when you get the industry divided on an issue, it is pretty hard to come to a con-

sensus. But I think this is a very good faith effort under way to do so.

Chairman NEUGEBAUER. Thank you.

I recognize the gentlewoman from Ohio again, Mrs. Beatty.

Mrs. BEATTY. Thank you, Mr. Chairman, and Mr. Ranking Member.

I think I had a part two of that question. And I kind of left it in the air, so let me take a stab at it again and ask, even if those companies are wholly domestic, they will be subject to the international agreement on the rules. But when we look at Basel III, which is a banking regime, and the Federal Reserve has stated under Dodd-Frank, it must be subject to federally-supervised insurance companies to this banking regime, do you feel that is appropriate?

Mr. NELSON. Congresswoman, the way I would respond to that is that we already have developed what we call supervisory colleges that do the examination and the oversight of globally active insurance operations. And that consists of not only the home State supervisor, the domestic State supervisor, but other affected States, as well as international regulators, included within that supervisory college working together with the collaborating, communicating, cooperating and jointly and group supervision already—already be engaged in that supervision, even when a company is not designated as an SIFI or a G-SII company.

So I think you are going to see a lot of cooperation. It is already in place. I don't remember, but there are more than 15 of these college supervisory groups that have met, are meeting and continue to work together, cooperatively, across borders, across transatlantic, wherever the regulator of a jurisdiction needs to be involved, can be involved.

Mrs. BEATTY. Thank you. I yield back.

Chairman NEUGEBAUER. I thank the gentlewoman.

The gentleman from California, Mr. Royce, is recognized for 5 minutes.

Mr. ROYCE. Thank you, Mr. Chairman.

Director McRaith, you reference in yesterday's FIO annual report, State-level reinsurance collateral requirements have been a thorny issue between the United States and Europe for several years. You have observed that. We have observed that. But the conference report on Dodd-Frank noted that Treasury and USTR's authority to negotiate covered agreements going forward will assure uniform national application of prudential measures, such as reinsurance collateral requirements. That quote is from the legislation.

As covered agreements are intended to be the mechanism to resolve this issue, can you tell me the status of FIO's efforts to seek such an agreement?

Mr. MCRAITH. Congressman, there are a couple of considerations. First of all, we are, as mentioned earlier, in close contact with the State regulators in the EU through our project, our dialogue, and project. And we have identified reinsurance collateral as an important question to be resolved between the two jurisdictions.

We have monitored very closely the work of the NAIC and the States on this issue.

We are aware of the law in Dodd-Frank, Title V, what its authority is. And we are evaluating the facts, and we are evaluating whether those facts justify the pursuit of a covered agreement.

Mr. ROYCE. We will, going forward, have EU/U.S. trade talks on this subject of a trade agreement. Could that be used to institutionalize, maybe, this discussion with Europe? I just bring it up as a thought. You don't have to give me a response on it. But conceptually, it might be a way to drive this issue for a while and get it resolved. If we have a seat at that table, and it is raised to that level, we might be able to get this behind us, but I want to thank all three of the witnesses for their testimony here today, Mr. Chairman.

Mr. MCRAITH. Thank you, Congressman.

Mr. ROYCE. Thank you.

Chairman NEUGEBAUER. I thank the gentleman.

And now the gentleman from Ohio, Mr. Stivers, is recognized for 5 minutes.

Mr. STIVERS. Thank you, Mr. Chairman, for this second round of questions.

My first question is for Mr. McRaith. We talked a little bit about how you think the ComFrame is going to hopefully transform back to a more principles-based approach. In the current 138-page proposal, it details a description of how assets and liabilities should be calculated that don't currently match the U.S. system. And I am just curious whether you are working to fix that, and what the status of that piece of it is, if you can say.

Mr. MCRAITH. Sir, and again, I don't want to get into too much of the technical detail. But to answer your question as well as I can in a meaningful way, the most recent draft of ComFrame is July of 2012. There have been various proposals, additions, edits, and changes that have been part of a circulating draft. The next formal draft of ComFrame will be released in late September or early October. Now, are there issues in terms of a quantitative assessment, a quantitative element of ComFrame that raise questions about the intersection of the U.S. approach versus other approaches? Absolutely. And that is the conversation that we are having at the IAIS.

Mr. STIVERS. And the point there is if we can't figure out how to calculate our assets and liabilities similarly, it is going to be really complicated as we try to figure out how to regulate folks.

Mr. MCRAITH. I completely agree with you. It is an incredible challenge. What we do know, though, is that insurance groups operating internationally do this all the time. And we also know that the credit rating agencies that evaluate the capital or financial position of those same groups do it all the time.

Mr. STIVERS. And here is my bigger question and concern under ComFrame. Because it imposes a new additional layer of regulation, especially on large U.S. companies competing in foreign markets against more domestic players that in some cases would not be subject to ComFrame. What are you doing to prevent the creation of an unlevel playing field or a competitive disadvantage for our U.S. insurers?

Mr. MCRAITH. So, first, let me say and repeat that our priority is to establish a level playing field to support.

Mr. STIVERS. You said that earlier about international. I just want to know what you are doing to make sure that happens.

Mr. MCRAITH. Leading the discussion, participating actively, engaging in the important and difficult questions will allow us to shape the outcome of ComFrame. It is important to know—the premise of your question—I am sorry.

Mr. STIVERS. Do you think we are put at a competitive disadvantage by the structure? Maybe several of our State insurance commissioners from States that are as big as countries in Europe should be at the table.

Mr. MCRAITH. And they are. The NAIC—

Mr. STIVERS. They are there through Mr. Nelson. But how many votes does our NAIC get?

Mr. MCRAITH. There are five votes at the Executive Committee for North America. And three of those are for the United States. One is for—

Mr. STIVERS. So take out Canada and Mexico for—

Mr. MCRAITH. Three for the United States.

Mr. STIVERS. I am elected to the United States Congress.

Mr. MCRAITH. There are three for the United States. One is the Federal Insurance Office; the other two are the States.

Mr. STIVERS. Those are votes from North America. How many from Europe?

Mr. MCRAITH. I don't know. I know that there is regional balance. And I don't know the exact number, but I would be happy to let you know.

Mr. STIVERS. I guess the point is, maybe the structure is something that we should take a serious look at. And I don't want to walk away, but I just want to make sure that our regulatory structure is not at a competitive disadvantage just because of the structure of this international organization that makes our big insurance companies have to be at a competitive disadvantage when they try to do business in Europe or in Asia or anywhere in the world.

Mr. MCRAITH. I absolutely appreciate that concern.

I would say that is one advantage of having the Federal Insurance Office as Chair of the committee that is developing ComFrame. And all the more reason for us to collaborate, and coordinate with the State regulators.

Mr. STIVERS. And I do appreciate that you are doing that. We have about 30 seconds left. Is there anything that you want to talk about in that time? Mr. Nelson or Mr. Woodall? Senator Nelson, I'm sorry.

Mr. NELSON. I think, Congressman, you have hit on one of the most important parts of the concerns about ComFrame, about getting it right for the State-based system in the United States.

And when you look to the number of votes, there is a concern that we could be voted down and the ComFrame could go through. It is supposed to be a collaborative process. And in some respects, maybe it is. But I can tell you that many of the commissioners who participate at the ComFrame level question whether or not our positions in our requirements are being heard, or are being heard but not being listened to.

Mr. STIVERS. I guess I would just propose a quick—and I know I am out of time—alternative. Maybe we should look at the total asset size of our industries compared to other folks and have a proportion of voting share that way.

I yield back, Mr. Chairman.

Chairman NEUGEBAUER. I thank the gentleman. I ask unanimous consent that the testimony from NAMIC, a letter from ACLI, and a letter from FSR be made a part of this record. Without objection, it is so ordered.

I will close by saying I think this has been a good hearing. I appreciate the Members' questions. I appreciate the witnesses' candid answers. I think what I would say to you, to this panel, is there is a lot of expertise here at the table today on this issue.

This is an important issue to our country. Our American insurance industry is one of the crown jewels of our country. And we have a bunch of really fine companies here that create a lot of jobs. And they create a lot of GDP for our Nation. So if there are ways that the three of you can figure out how to work better together, I think that is important.

If I can figure out a way to get Mr. Woodall more engaged in those activities, he obviously brings some things to the table, and he brings a perspective from a table that neither one of you sit at, as well. So I think the collaboration is an important part of the process, and particularly one—such an important one is making sure that we have a level playing field and we also, more importantly, in the end, making sure that these promises that these entities have made to their customers they will be able to keep.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

So, with that, this hearing is adjourned.

[Whereupon, at 3:28 p.m., the hearing was adjourned.]

A P P E N D I X

June 13, 2013

Written Statement of Randy Neugebauer
Subcommittee on Housing and Insurance
"The Impact of International Regulatory Standards on the Competitiveness of U.S. Insurers"
June 13, 2013

Thank you all for attending this important hearing examining a range of international regulatory standards being proposed by the G-20, the Financial Stability Board and the International Association of Insurance Supervisors. This will be the first of many hearings examining the international competitiveness of the U.S. insurance industry.

Through this hearing our members hope to get a better understanding of how our insurance supervisors are balancing the need to coordinate regulatory efforts overseas with their duty to make certain that U.S. insurers can effectively compete in a global marketplace.

In particular, I am looking to accomplish three things with this hearing: first, I would like to get a better understanding of the strategic objectives being pursued by our insurance supervisors overseas and how the National Association of Insurance Commissioners and the Federal Insurance Office are working together to achieve these shared goals. Second, I would like to receive assurances from our witnesses that the agenda being advocated for is a net positive for domestic policyholders and insurers. And lastly, I would like to raise awareness of certain IAIS proposals that, as currently drafted, would needlessly undermine our system of state-based insurance regulation.

Overall, this Committee does see the benefit of better international coordination in terms of preventing regulatory gaps and promoting efficiency; however I am concerned that the IAIS appears to be moving away from a regulatory coordination approach to one of international standard setting. Such a shift would be an unwelcome development; especially given the unique nature of our insurance regulatory model, which is policyholder-centric and quite dissimilar from the consolidated, bank-like model favored by the IAIS.

In that regard, I would like to hear what strategy, if any, is being pursued to protect the U.S. system of state-based insurance regulation. In particular, I would like to hear how the NAIC and FIO are working together to prevent the importation of European-centric regulatory standards that could increase costs to our domestic policyholders and limit the ability of our domestic insurers to compete globally.

In particular, I would like to examine the IAIS's recent common framework, or ComFrame, proposal. The current ComFrame draft would create a one-size-fits-all regulatory regime for global insurers, including group-wide capital assessments and prescriptive prudential standards. Given the unique nature of our insurance regulatory model, this proposal has the potential to disproportionately impact U.S. insurers and U.S. policyholders. I would like to hear how our witnesses view the ComFrame proposal and how they believe it would affect our insurance markets.

And finally, I am interested in examining the IAIS's process for recommending global systemically important insurers, or G-SIIs. I am concerned that the IAIS's selection methodology lacks transparency, and a reasonable appeals process for U.S. insurers that may disagree with IAIS's determination and wish to challenge it. I would like to hear how our witnesses plan to harmonize our efforts to designate SIFIs here at home with other efforts overseas. And given the impact that the IAIS decisions could have on U.S. insurers, I would like to hear what our insurance supervisors are doing to ensure due process for U.S. firms.

I thank our witnesses for participating today and I look forward to a productive hearing.

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Congressman Scott Garrett
House Committee on Financial Services
"The Impact of International Regulatory Standards on the Competitiveness of U.S. Insurers"
Opening Statement
June 13, 2013

First, I would like to begin by thanking Chairman Neugebauer for holding this hearing on the impact of international regulatory standards and the global competitiveness of U.S.-based insurance companies. I would also like to thank the witnesses, Senator Nelson, Mr. McRaith, and Mr. Woodall, for appearing here today.

July 21st will mark the 3-year anniversary of Dodd-Frank. As debate has continued over the past three years surrounding the implementation of Dodd-Frank, it is clear that Dodd-Frank's regulatory monolith has had a destabilizing effect on our financial system.

If the disruptive and destructive effects of Dodd Frank were not enough, U.S. insurers now face international regulatory efforts to impose bank-like regulation on U.S.-based insurers. Clearly, these actions would disadvantage U.S. policyholders and U.S. insurers competing overseas. Insurance companies maintain very different capital structures from banks, and as such, should not be treated in the same manner when it comes to assessing capital requirements.

Unfortunately, international insurance supervisory efforts are moving away from a coordinated approach and toward a top-down prescriptive standard. This wholesale change represents a net negative for U.S. policyholders and insurers, especially given that the U.S. approach has worked historically.

Concerns remain that U.S. insurance companies with European subsidiaries may be subject to stricter regulation than their EU-based competitors should EU regulators deem U.S. state-based regulation as not equivalent to the European model. The potential for an international regulatory tsunami would do little to strengthen the global financial system. Instead, we will see an uneven global playing field for U.S. insurers. This is not acceptable.

It is my hope that this hearing will provide this committee with a better understanding of the global regulatory risks that face U.S.-based insurance companies operating in Europe, and ways to ensure that U.S. companies remain competitive with their European counterparts.

Embargoed for delivery

Testimony of Michael McRaith
Director of the Federal Insurance Office, U.S. Department of the Treasury
Hearing entitled "The Impact of International Regulatory Standards on the Competitiveness of the U.S. Insurers"

House Financial Services Subcommittee on Housing and Insurance
June 13, 2013

Chairman Neugebauer, Ranking Member Capuano, Members of the Subcommittee, thank you for inviting me to testify today on projects at the International Association of Insurance Supervisors (IAIS) regarding systemic risk and group supervision as well as collaboration between the EU and U.S. on insurance regulatory matters.

My name is Michael McRaith, and I am the Director of the Federal Insurance Office (FIO) in the U.S. Department of the Treasury.

The Federal Insurance Office has the statutory authority to coordinate Federal efforts and develop Federal policy on prudential aspects of international insurance matters, including representing the United States, as appropriate, in the IAIS. FIO does not conduct day-to-day oversight of the business of insurance. Rather, FIO has the responsibility 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 United States financial system.

In discharging its statutory responsibilities, FIO has been engaged with the Financial Stability Oversight Council (Council) on the Council's activities, and has been advising the Secretary on insurance matters of national importance. FIO also will shortly publish its first annual report on the state of the U.S. insurance industry. The annual report reviews the financial performance of the industry and significant regulatory developments. The report also identifies important trends in the insurance industry that merit continued scrutiny. FIO expects to produce a number of additional reports this year, including the report on how to modernize and improve the system of insurance regulation in the United States and, separately, on the breadth, scope and role of the global reinsurance market. Finally, per its statutory mission, FIO has been active representing the United States in international forums on prudential aspects of international insurance matters.

I would like to take a moment to emphasize what I have stated many times in that past, namely, that we recognize the role of state insurance regulators in the day-to-day oversight of the U.S. insurance sector, and value the work of insurance regulators in each of the 56 independent jurisdictions that are members of the National Association of Insurance Commissioners (NAIC). During more than six years as the Director of the Illinois Department of Insurance, many challenging issues and long days provided me the opportunity to work with dedicated regulators who serve in state insurance departments around the United States. Commissioners balance many demands within each state, confronting challenges ranging from workers' compensation markets to natural catastrophes. Just as I did, state commissioners work closely with state legislators and governors. All of this, of course, is in addition to collaborative work

accomplished through the NAIC. We at FIO remain committed to working with the state regulators.

With respect to the international matters that give rise to today's hearing, our involvement begins with the law that established FIO and our activity has been shaped by the circumstances, events, and demands of the last two years. My testimony today will focus on our work at the IAIS involving the designation of global systemically important insurers, or G-SIIs, and the development of the Common Framework for the Supervision of Internationally Active Insurance Groups, also known as ComFrame. I will also address the EU-U.S. Dialogue Project, which is a collaborative project begun in January 2012.

IAIS – Global Systemically Important Insurers

As you are aware, the IAIS is an international insurance organization formed to promote effective and globally consistent supervision of the insurance industry, to maintain fair, safe and stable insurance markets, and to contribute to global financial stability. The IAIS has members from nearly 140 countries representing approximately 97% of global insurance premium volume, and is the international standard setting body for the insurance sector. Thus, the IAIS has similarities to the Basel Committee on Banking Supervision, which deals with banking issues, and to the International Organization of Securities Commissions, which addresses securities matters.

The IAIS is not a supervisor, and does not have any legal authority to direct or affect the structure or manner through which any jurisdiction regulates its insurance sector. Rather, the IAIS establishes standards with which jurisdictions may then elect to comply. Therefore, whether and, if so, when and how to modify an existing regulatory structure are issues left to the discretion of the proper authorities of the IAIS member to decide.

The IAIS decision-making process is consensus driven. Through consensus, the IAIS develops insurance core principles (ICPs) which, as the title implies, provide broad direction and framework for country supervisory regimes. Though it is consensus-driven, the IAIS process does not allow one member to forestall a collective process or decision. For example, if a jurisdiction opts not to engage in a certain discussion, the other members will nevertheless continue to develop applicable standards.

The International Monetary Fund's Financial Sector Assessment Program (FSAP) is a comprehensive and in depth assessment of a country's financial sector. For countries in which the FSAP evaluates the insurance sector, the IMF examines compliance with the ICPs. The FSAP process results in a written report describing whether the country complies with the ICPs. For those areas of non-compliance or unsatisfactory performance, the jurisdiction is encouraged to make changes within a generally prescribed time frame (*e.g.* near term or medium term). A central objective of the FSAP is to rate the quality of bank, insurance, and financial market supervision against accepted international standards; and evaluate the ability of supervisors, policymakers, and financial safety nets to respond effectively in case of systemic stress.

Heightened emphasis on international standard-setting activity is important for two reasons. First, the financial crisis illustrated that, globally, our financial regulatory oversight regime should be more robust and comprehensive in scope, and that jurisdictions should share a commitment to global standards. These commitments are reflected in the pronouncements of the G-20 and in the work of international bodies, including the Basel Committee, IOSCO, IAIS, and others. Second, specific to insurance itself, international developments in insurance supervision are driven by the changing international insurance market. Although the United States and the combined nations of the EU constitute the largest market participants in terms of global premium volume, opportunities for the insurance industry to achieve significant organic growth are more promising in developing economies. The populations of the developed economies in the United States and the EU are retiring at unprecedented levels, and insurers operating in these markets compete aggressively for marginal market share growth. Conversely, developing economies have rapidly growing middle and upper classes with potentially significant demand for insurance. This shift has dramatically increased the percentage of revenue that an internationally active U.S. or EU insurer derives from outside its home country, and that increase is expected to continue.

In 2010, the Financial Stability Board (FSB) directed the IAIS to develop a methodology to identify G-SIIs, recommend which of those firms should be designated for enhanced supervision, and define the enhanced prudential measures to be applied to a designated G-SII. The IAIS's Financial Stability Committee, in which FIO has participated since July 2011, has sought to respond to the FSB directive by engaging in a process that essentially has involved three phases: data collection, application of data to the methodology, and supervisory judgment and validation. The IAIS collected non-public data from approximately 50 firms, 14 of which are U.S. based. The IAIS has been applying the methodology by using this data to evaluate the firms. The IAIS methodology will result in a relative scoring of one firm against all the other firms from which data was received. Each firm that then has become subject to the supervisory judgment and validation phase—that is, a firm that is under consideration for possible designation as a result of the application of the methodology—has had an opportunity to engage directly with the IAIS Financial Stability Committee regarding that firm's unique circumstances, including to explain whether they believe that firm should be designated.

I would like to pause briefly on the methodology. The IAIS has worked diligently to improve and refine the methodology so that risks presented by firms are properly assessed and so that the results are accurate. The issues are complex. For instance, the IAIS has to be thoughtful about whether it is overstating the risk presented by firms that have portfolios of variable annuities. Some firms offer variable annuity products similar to traditional insurance while others offer variable annuities with features that are more like a security or bank product. The IAIS is committed to sorting through these difficult data and complex definitional (*i.e.* how does the risk of one variable annuity product compare to another) issues.

The FSB, of course, is not a regulator and does not have authority to impose any enhanced measures on a G-SII. Rather, a G-SII designated by the FSB would then be delegated to the national authority for consideration. At present, consistent with the FSB Chair's letter to the G-20 Finance Ministers and Central Bank Governors in February 2013, the IAIS expects to complete the G-SII methodology, results of the methodology and proposed policy measures

before the end of this month. Once the IAIS meets this deadline, the FSB will then determine how and when to proceed with designation of G-SIIs and further work for the IAIS on this issue.

IAIS – ComFrame

The Common Framework for the Supervision of Internationally Active Insurance Groups, or ComFrame, is a workstream at the IAIS compelled by the changing international insurance marketplace in which firms are increasingly global. U.S.-based insurance firms, in particular, are pushing into new markets in new ways and to greater degrees every year. I serve as Chair of the IAIS Technical Committee which oversees the development of ComFrame.

The objective of ComFrame is to improve the comparability and commonality of supervisory approaches so that regulators from jurisdictions around the world have an improved understanding of an internationally active insurance group (IAIG) and increased trust and confidence in one another. As with other IAIS standards, ComFrame will be incorporated into local regulatory approaches in the form appropriate for each jurisdiction.

ComFrame will have both qualitative and quantitative components. At an IAIS hearing in Basel in March 2013, officers of several IAIGs expressed support for ComFrame but expressed support for a less-prescriptive approach to matters such as economic capital modeling. A revised draft of ComFrame will be released later in 2013, likely in conjunction with the IAIS Annual Meeting in October, and will indicate significantly greater emphasis on appropriate principles for the industry-specific features.

For the quantitative aspects of ComFrame, the objective is modest: establishing a common, basic process by which to assess the capital strength of an IAIG. The challenges to this objective are significant, in no small part due to the varied accounting and insurance asset and liability valuation approaches from the Americas to Europe to Asia. Nevertheless, an industry-funded center for the study of insurance risk and economics surveyed its members, and reports nearly all of the surveyed members reconcile these differences and assesses their own group capital position. In addition, the credit rating agencies evaluate the capital position of an insurance group. Through the IAIS, the international supervisory community is committed to working closely with leading industry participants so that ComFrame reflects these practical and business realities and delivers meaningful value to supervisors and to industry. For this reason, testing ComFrame in the field, receiving direct feedback from leading industry participants, will significantly influence these important quantitative aspects of ComFrame.

Separate from ComFrame, the IAIS has established a capital framework in ICP 17 ("Capital Adequacy"). And, the IAIS should respond to the demands and expectations of the supervisors of developing markets, in particular, by developing a capital standard for those countries to incorporate into a regulatory regime. For countries with embryonic or evolving insurance regulatory systems, consistency in capital oversight could serve as a linchpin for efficient regulation harmonized with other host jurisdictions (countries in which an insurance firm participates in the market, but is not domiciled or based).

EU – U.S. Insurance Dialogue Project

Finally, the EU-U.S. Insurance Dialogue Project (Project), first hosted at Treasury in January 2012, has provided a new template for interaction between important financial services regulatory regimes. At the outset, I commend the state regulators, led by Commissioner Kevin McCarty of Florida and the NAIC's Therese Vaughn, for their roles in this project. The Steering Committee for this project includes a representative of the European Commission, the European Insurance and Occupational Pension Authority (EIOPA), the Bank of England, the state regulators, the NAIC, and FIO.

The work of the Project has been enormously positive and constructive on many levels. In 2012, through a work plan negotiated by the participants, teams of insurance regulatory experts from the EU and the United States compared the alternative approaches to insurance oversight across the jurisdictions. This stock-taking and gap analysis culminated in a report published in September 2012, which then led, in December 2012, to negotiation and agreement on a set of high level objectives to be pursued over the next five years. These objectives are:

1) Promote the free flow of information between EU and U.S. supervisors under conditions of professional secrecy by removing the barriers to the exchanges of information.
2) Establish a robust regime for group supervision, under which there is:
   a) a clear designation of tasks, responsibilities and authority amongst supervisors, including a single group/lead supervisor;
   b) a holistic approach to determining the solvency and financial condition of the group that is consistent with the way companies manage their business, that avoids double counting of regulatory capital and that monitors risk concentrations, considers all entities belonging to the group and is complementary to solo/legal entity supervision;
   c) greater cooperation and coordination amongst supervisory authorities within colleges; and
   d) efficient enforcement measures at the group and/or solo level that allow for effective supervision of groups.
3) Further develop an approach to valuation which more accurately reflects the risk profile of companies, is sufficiently sensitive to changes in that risk profile and which has capital requirements that are fully risk-based, based on a clear and transparent calibration and that cover similar categories and subcategories of risks to which companies are exposed.
4) Work to achieve a consistent approach within each jurisdiction and examine the further reduction and possible removal of collateral requirements in both jurisdictions in order to ensure a risk-based determination for all reinsurers in relation to credit for reinsurance.
5) Pursue greater coordination in relation to the monitoring of the solvency and financial condition of solo entities and groups through the analysis of supervisory reporting. The exchange of information is facilitated by the joint exchange of best practices for analysis and an evolution towards a greater consistency of reporting.

6) Ensure the consistent application of prudential requirements and commitment to supervisory best practices through different peer review processes that ensure an independent view of the jurisdiction being examined.
7) Ensure consistency and effectiveness in the supervision of solo entities and groups.

In 2009, the EU adopted Solvency II, a framework for unified oversight of the EU's insurance sector. Solvency II is a well-constructed and thoughtful approach to insurance regulation that, once refined, should work well for the EU. Even though Solvency II has not yet been implemented in the EU, many of its provisions have been adopted in other jurisdictions. For example, the World Bank has entered into a partnership with EIOPA to aid with the development of insurance regulatory approaches for developing economies. At the same time, the United States has primarily a state-based, solo entity approach to insurance oversight reflective of historical practices and structures. While the differences between the two approaches are now better known and understood, both jurisdictions should work toward a degree of compatibility.

The EU and United States are the two largest insurance jurisdictions both in terms of premium volume and in terms of internationally active firms. The importance of the insurance industry in both jurisdictions warrants supervisory regimes that are converged and harmonized, where appropriate, and clarity on those areas where convergence is not practical or possible. The improved regulatory compatibility between the EU and the United States will establish processes and supervisory approaches that can influence the insurance sector throughout the world, including at the IAIS.

The U.S. insurance sector is diverse and that diversity is reflected in the views of its participants. FIO's priority, however, will always be the best interests of the U.S.-based insurance consumers and industry, and jobs and prosperity for the American people. FIO is and will remain open to all views and all stakeholders in order to advance the ideas that best serve our nation and the American people.

Thank you, Chairman Neugebauer, for the invitation to discuss these important insurance matters. I look forward to answering your questions.

Testimony of the

Honorable E. Benjamin Nelson

Chief Executive Officer of the

National Association of Insurance Commissioners

Before the

Subcommittee on Housing and Insurance

Committee on Financial Services

United States House of Representatives

Regarding:

The Impact of International Regulatory Standards on the Competitiveness of U.S. Insurers

June 13, 2013

Introduction

Chairman Neugebauer, Ranking Member Capuano, and members of the Subcommittee, thank you for the opportunity to testify today on behalf of the National Association of Insurance Commissioners (NAIC).

My name is Ben Nelson, and I serve as the Chief Executive Officer of the NAIC. The NAIC is the United States standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories. Through the NAIC, we establish standards and best practices, conduct peer review, and coordinate our regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

The NAIC and its members have long been committed to providing leadership on a wide range of global insurance issues and activities, with a focus on ensuring policyholder protections and maintaining stable insurance markets. As insurance markets become more global, U.S. state insurance regulators are extensively engaged with their international counterparts in developing the elements of a stronger international insurance regulatory framework. We have encouraged an international focus on promoting and supporting the development of best practices in emerging markets, and are also working to ensure that global standard-setting is compatible with our strong and effective state-based system. International developments at the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS) have the potential to directly impact U.S. insurance regulation and U.S. insurers, and, therefore, U.S. consumers. The NAIC and state regulators have an obligation to be engaged and participate in these developments, in partnership with the federal government when appropriate.

Today, I will provide the subcommittee with an overview of the NAIC's involvement in international discussions and key international regulatory developments. Specifically, my testimony will focus on four major areas: 1) the development of a Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame); 2) the identification of global systemically important insurers; (3) the U.S.-European Union Dialogue Project; and (4) international trade. In addition, I will discuss our interaction with the U.S. Treasury Department's Federal Insurance Office (FIO) with regard to international insurance activities.

Supervision of Internationally Active Insurance Groups

U.S. state insurance regulators and the NAIC have been active in the development of ComFrame. This project, conducted through the IAIS, aims to assist supervisors in performing more effective group-wide supervision of internationally active insurance groups, foster greater cooperation and coordination among supervisors around the world, and foster convergence of supervisory approaches.

We support the original goals of ComFrame and continue to believe there is merit in developing a framework for greater coordination and cooperation among different jurisdictions to achieve more effective and more efficient regulation. However, the current scope and prescriptive nature of ComFrame overshoots those goals, and over complicates what is necessary for effective cross-border supervision. In our view, ComFrame should support and enhance the work of

international supervisory colleges[1], which serve as the actual vehicles to achieve these objectives. State insurance regulators have held, or have scheduled to hold, supervisory colleges for all 15 U.S. firms that meet the current IAIS definition of an internationally active insurance group. Key state regulators have also participated as involved supervisors in colleges for international groups based overseas that do significant insurance business in the U.S.

While we continue to work within the IAIS to focus the ComFrame effort on developing a common set of principles for effective international group supervision, U.S. state regulators remain wary of this project's tendency towards "mission creep" and the accumulation of overly prescriptive requirements, and a one-size-fits-all approach that could impose new burdens on U.S. companies and consumers with little, if any, benefit. Given the different regulatory approaches and structures among IAIS members and the differences among internationally active groups, ComFrame must be a dynamic and flexible framework focused on regulatory collaboration and achieving similar supervisory outcomes.

The NAIC and its members are working to ensure that the proposed standards under discussion are compatible with our U.S. state-based system and make sense for U.S. insurers. Of paramount importance is ensuring that implementation of ComFrame does not undermine our strong solvency standards for U.S. insurance entities. Ensuring that each subsidiary of a complex group engaged in insurance is solvent and appropriately capitalized is a cornerstone of our system and one reason insurers weathered the financial crisis so well. Certainly there is potential for a variety of benefits from ComFrame if done correctly, but we have no intention of implementing those elements that would be impractical and counterproductive if imposed here in the U.S.

As we provide input to the IAIS and other international projects, we have to be mindful of our regulatory and legal structure at home. In the U.S., we have functional regulation with some areas of consolidated supervision. We are concerned that related discussions on the need for a Global Capital Standard for insurance could push for a bank-like approach to capital that is not appropriate. On the Group Supervision front, we remain skeptical of those that believe that one set of eyes can do better than multiple sets – our experience with the financial crisis suggests otherwise. With this in mind, we urge Congress to continue to be wary of any international prescriptions seeking to impose new standards on the United States.

Identification of Global Systemically Important Insurers

In the aftermath of the financial crisis, regulators in the U.S. and around the world increasingly focused on identifying systemic risks to the financial system. As part of this effort, work has been underway to designate domestic and global systemically important insurers (G-SII's). U.S. state insurance regulators and the NAIC have had substantial involvement in this process through representation on the U.S. Financial Stability Oversight Council (FSOC) by Missouri Insurance Director John Huff and on the IAIS Financial Stability Committee by Connecticut Insurance Commissioner Thomas Leonardi and NAIC staff, as well as other state regulators as part of the home jurisdiction consultation process.

[1] The International Association of Insurance Supervisors (IAIS) defines a supervisory college as "a forum for cooperation and communication between the involved supervisors established for the fundamental purpose of facilitating the effectiveness of supervision of entities which belong to an insurance group; facilitating both the supervision of the group as a whole on a group-wide basis and improving the legal entity supervision of the entities within the insurance group."

It is the view of state insurance regulators that allowing insurers to engage in activities that make them systemic is not in the interests of policyholders. To the extent that an insurer engages in activities that could result in a systemically important financial institution (SIFI) or G-SII designation, U.S. and international regulators should work diligently and collaboratively to address the sources of systemic risk with the goal of reducing the potential systemic impact of the insurer to such a degree that it is no longer systemic. With that in mind, we continue to examine the scope of our authorities and resources to ensure that systemic risk does not emanate from activities or entities within our purview.

We have concerns that the creation of two tiers of companies, where some are perceived to be safer than others, could reduce market discipline, create competitive distortions, and encourage undesirable consolidation and concentration in the insurance sector. We believe this could lead to creation of the "too big to fail" companies that both FSOC and IAIS G-SII initiatives are aimed at avoiding. Indeed, subsequent to recent announcements that the FSOC issued proposed designations of certain insurers, Moody's indicated that such designation was a "credit positive" event, and that the credit benefits of a designation outweigh the drawbacks.

The threshold that companies must meet to be designated as a SIFI domestically or a G-SII abroad is rightfully designed to be steep. In the United States, FSOC may designate a non-bank financial company for heightened supervision by the Federal Reserve if the company could pose a threat to the financial stability to the United States, which the Council has defined as "the potential for impairment of financial intermediation or financial market functioning that would be sufficiently severe to inflict significant damage on the broader economy." Internationally, the determination standard for identifying global systemic insurers is comparably high, requiring a firm's failure to cause significant disruption to the wider financial system and economic activity. While it is entirely appropriate to identify insurers that pose clear risks to the financial system at home or abroad, given the potential for negative market implications, such designation should be the product of a rigorous analysis that reflects a thorough understanding of the insurance business model and regulatory system, and demonstrates that these high standards are met.

Finally, both processes should be aligned with appropriate deference to domestic authorities. It is the view of the U.S. insurance regulators that the threshold for being designated a threat to global financial stability should be higher than the threshold for being designated a domestic threat to financial stability. As such, the G-SII list should not contain any U.S. insurers that have not otherwise been designated SIFI's by FSOC. This would also ensure that the impact of any designation of a U.S. firm is rooted in clear legal authority and process.

U.S.-European Union Dialogue

In addition to our work in the IAIS, U.S. state insurance regulators have also been actively involved in the U.S.-EU Insurance Dialogue Project. Since January of 2012, the NAIC, FIO, the European Commission, and European Insurance and Occupational Pensions Authority have been engaged in a more extensive dialogue process to enhance both sides' understanding of our unique solvency oversight systems and explore ways to increase cooperation.

Last December, the Project's Steering Committee issued a joint report along with a separate paper outlining a set of common objectives and a series of initiatives designed to enhance insurance regulatory cooperation internationally. These initiatives focus on important areas such

as group supervision and the coordination of international supervisory colleges, as well as enhancements to data collection and analysis, independent third party reviews, and the conduct of on-site and off-site examinations. The project builds on the on-going U.S.-EU Insurance Dialogue, which has been in place as a vehicle for regulator-to-regulator exchange for more than a decade.

The goal of this work is to explore areas of potential alignment and opportunities for greater collaboration between the two systems over the long term. Significant progress has been made, and we are engaged in advancing common objectives and initiatives over the next five years. Many of these initiatives are already underway or under consideration within the NAIC process at one or more committees or working groups. While much work lies ahead, U.S. state insurance regulators are working diligently to enhance this transatlantic relationship.

International Trade

Next, I would like to focus on our involvement in international trade issues. The insurance sector plays a significant role in promoting economic development, and we must maintain a level playing field here and abroad in order to create and protect jobs. State regulators are keenly aware of the importance of international trade and trade agreements for economic development while ensuring consumer protection for our domestic constituents.

As the Office of the United States Trade Representative (USTR) negotiates agreements, such as the ongoing Trans Pacific Partnership and the upcoming Transatlantic Trade and Investment Partnership, and seeks improved market access for U.S. insurers, the NAIC will continue to provide technical insurance expertise to the USTR. Our partnership with USTR dates back to the early 1990s when the North American Free Trade Agreement (NAFTA) and General Agreement on Trade in Services (GATS) were negotiated.

Throughout our two decade relationship with the USTR, State regulators and the NAIC have sought to promote stable practices emphasizing the successful track record of the U.S. market. We illustrate to our trading partners the importance of insurance to our economy in terms of jobs, economic output, and risk mitigation for consumers.

Moving forward, the NAIC will continue to assist in the efforts of the Federal government to open and maintain competitive, transparent, well-regulated markets; enhance the stability of regulatory practices among trading partners; eliminate unnecessary barriers to U.S. trade commitments; and enhance consumer protection.

Interaction with FIO in International Insurance Activities

In many of these international discussions, we have been working with the U.S. Treasury Department's Federal Insurance Office (FIO). The NAIC has long believed that the FIO can supplement and enhance existing efforts of the NAIC and the U.S. insurance regulators and add another federal voice to international discussions regarding insurance issues. However, the FIO has no statutory regulatory or quasi regulatory authority and does not speak for U.S. insurance regulators. Recognizing its narrow yet potentially beneficial role, the NAIC supported the creation of the FIO during the debate over the Dodd-Frank Act.

While the Treasury Department and the U.S. insurance regulators may not agree on every issue, we should always collaborate, seek common ground that is consistent with the interests of U.S. consumers and industry, and, whenever possible, engage the international community in a united fashion. In this regard, we would expect to give a certain amount of deference to the Treasury Department in international discussions involving issues that do not implicate our regulation of the U.S. insurance industry. However, we expect the Treasury Department to give similar deference to, and support the views of, the regulators in forums like the IAIS that focus almost exclusively on regulatory issues that have little or no impact on FIO's authority or responsibilities. Moreover, it is inappropriate for FIO or any other non-regulator to seek to participate in supervisory colleges, which are vehicles to discuss supervision of specific companies, without an invitation from the regulators.

The NAIC and U.S. insurance regulators are committed to work through any disagreements that may arise with the Treasury Department so we can serve our respective roles and more effectively represent the best interests of U.S. industry and consumers. The Dodd-Frank Act made clear a separate non-regulatory role for FIO and supported the state-based regulatory system.

Conclusion

U.S. insurance regulators have a strong track record of effective collaboration and supervision, and the NAIC is committed to coordinating with our international counterparts to help ensure open, competitive, and stable markets around the world. It is critical that we promote a level playing field across the globe through strong regulatory systems while recognizing that there will continue to be different cultural, legal, and operational differences in regulatory regimes around the world. Uniform global standards are not necessary to achieve compatibility and equivalent results. Congress has delegated insurance regulatory authority to the states so we have a continuing obligation to engage internationally in those areas that impact the U.S. state-based system, companies, and consumers. While we appreciate international developments and standards, and consider them as we continually improve our system, we should not toss aside our time-tested state-based system in pursuit of untested and overly burdensome approaches just for the sake of diplomacy and collegiality.

Our state-based system in the U.S. has a strong track record of evolving to meet the challenges posed by dynamic markets, and we continue to believe that well-regulated markets, both here and abroad, make for well-protected policyholders.

Thank you again for the opportunity to be here on behalf of the NAIC, and I look forward to your questions.

TESTIMONY OF
S. ROY WOODALL, JR.
INDEPENDENT MEMBER HAVING INSURANCE EXPERTISE

BEFORE THE U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON HOUSING AND INSURANCE

HEARING ENTITLED: "THE IMPACT OF INTERNATIONAL REGULATORY STANDARDS ON THE COMPETITIVENESS OF U.S. INSURERS"

JUNE 13, 2013

Thank you, Chairman Neugebauer, Ranking Member Capuano, and members of the Subcommittee for inviting me to appear before you today.

Next month will mark the third anniversary of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). In September, I will complete the second year of my six-year term as a voting member of the Financial Stability Oversight Council ("the Council").

As provided in Dodd-Frank, I serve as "*an independent member appointed by the President, by and with the advice and consent of the Senate, having insurance expertise.*" Other than a few lines in the statute, the law does not set out specific duties and authorities for my position, other than being a voting member of the Council. Accordingly, I have had to define and establish my evolving role with my fellow Council members, as well as others, while relying on the Council's authorities, consistent with the intent of Dodd-Frank. My precise role regarding international matters, however, has not yet been settled; but I have tried to be guided by the duties outlined by Congress for the Council, and which would apply to me as a voting member.

Section 112 of Dodd-Frank lists among the Council's duties the monitoring of domestic and international financial regulatory proposals and developments, including insurance and accounting issues, as well as advising Congress and making recommendations in areas that will enhance the integrity, efficiency, competitiveness, and stability of the U.S. financial markets.

In terms of fulfilling my duties as a member of the Council, I monitor developments at the Financial Stability Board ("FSB"), based on information shared by Treasury through its Office of International Banking and Securities Markets, and through consultations with officials of the three U.S. members of the FSB – Treasury, the Securities and Exchange Commission ("SEC"), and the Board of Governors of the Federal Reserve System ("Federal Reserve") – all three of whom are also member agencies of the

Council. International financial markets developments have been discussed collectively at Council meetings on numerous occasions.

I also endeavor to monitor the work and proposals under consideration by the International Association of Insurance Commissioners ("IAIS") by monitoring public consultative documents and information shared with me by our State insurance regulators, the National Association of Insurance Commissioners ("NAIC"), and Treasury through its Federal Insurance Office ("FIO") and its International Affairs division. Through outreach conducted with industry stakeholders, some of whom participate at the IAIS as non-member observers, I gain insight into industry perspectives regarding progress on a variety of IAIS initiatives. However, notwithstanding my official role as the voting member of the Council with the insurance portfolio, I am often told that some IAIS matters are confidential and cannot be shared with me. This, in turn, limits my ability to provide meaningful input to the Council, and to Treasury and its FIO, which Title V of Dodd-Frank charges with representing the United States, "as appropriate," at the IAIS. This inability for me and other voting Council Members to fully monitor and discuss relevant issues, in my view, hampers the ability of the Federal Government to carefully consider how international insurance regulatory developments could enhance, or interfere with, the integrity, efficiency, competitiveness, and stability of the U.S. financial markets and the U.S. insurance sector.

To date, the Council has not made recommendations to Congress related to domestic or international insurance regulatory matters. However, in its 2013 Annual Report, the Council did inform Congress that it intends to continue to monitor international insurance regulatory developments. In the meantime, Congress is due a Report from Treasury, through its FIO, on how to modernize and improve the system of insurance regulation in the U.S. Dodd-Frank directs that this Report consider, among other factors: systemic risk regulation, international coordination, and international competitiveness of insurance companies.

Section 175 of Dodd-Frank provides that the Chairperson of the Council, in consultation with the other members of the Council, shall regularly consult with the financial regulatory entities and other appropriate organizations of foreign governments or international organizations on matters relating to systemic risk to the international financial system.

The Secretary of the Treasury and my Council colleagues in exercising their broader responsibilities as heads of their respective agencies, regularly consult with their foreign counterparts, including regulators and other officials regarding systemic risk. Both the Dodd-Frank Act itself and the Council's Final Rule and Guidance setting forth the Council's process for considering nonbank financial companies for potential supervision by the Federal Reserve ("Guidance"), provide for consultation with foreign regulators. In my role as a Council member, to date I personally have met with officials from Canada, Japan, Mexico, and the U.K. There may be an opportunity for more extensive, meaningful, and systematic engagement with foreign financial markets supervisors and

international organizations by the Council as a whole, rather than solely through separate engagement by its members.

In looking for ways to better align, coordinate, and complement the work of the Council and international efforts currently underway, there are two approaches worthy of consideration in order to better achieve the goals set out by Congress.

(1) International Association of Insurance Supervisors ("IAIS")

The IAIS is a membership organization for insurance regulators and supervisors from some 200 jurisdictions. The IAIS's objectives, as set forth in its bylaws, are *"to promote effective and globally consistent insurance supervision in order to develop and maintain fair, safe, and stable insurance markets for the benefit of policyholders, and to contribute to global financial stability."*

The IAIS has both "Members" and "Observers." Observers, who are generally insurers and their trade associations, pay dues; do not have a vote; and are allowed to attend some, but not all meetings of the IAIS and its committees. Many meetings are "members-only" and exclude Observers.

Currently, there are four Member classes:

1. An insurance industry supervisor who exercises its function within its jurisdiction;
2. the NAIC;
3. the FIO; and
4. an international organization made up of governments or statutory bodies that the Executive Committee may recommend to be eligible for membership for the purpose of furthering the objectives of the Association.

U.S. state insurance regulators are Members under the "insurance industry supervisor" criteria. The NAIC organization, the founding member of the IAIS, is itself a Member. Treasury's FIO, even though it is not a supervisor or regulator, was authorized by Dodd-Frank to represent the United States, as appropriate, at the IAIS; and the IAIS bylaws were amended in 2011 to make FIO a Member.

While the IAIS consists primarily of insurance supervisors and regulators, membership is also open to "international organizations," and the Asian Development Bank, the International Monetary Fund and the World Bank are currently non-voting Members of the IAIS. The Council, however, is not an "international organization," and thus not currently eligible to become an IAIS member notwithstanding its statutory mandate to consider international insurance issues and make recommendations to Congress.

Seeking a way to improve communication and coordination with members of the Council, the IAIS's Financial Stability Committee approved and forwarded a proposed

IAIS bylaw amendment to the IAIS's Executive Committee in October of 2012. The amendment proposed to add a new IAIS membership class that, if established, would allow me and other Council Members to attend closed IAIS members-only meetings as non-voting Members. The IAIS's Financial Stability Committee is the primary IAIS forum where systemic risk issues are discussed among international insurance regulators and supervisors. Among such issues are the IAIS's on-going efforts, at the request of the FSB and in furtherance of the financial regulatory reform agenda of the Group of Twenty Finance Ministers and Central Bank Governors ("G-20"), to identify global systemically important insurers (also referred to as "G-SIIs"). This work has been proceeding parallel to, but separately from, the Council's review of nonbank financial companies as systemically important financial institutions ("SIFIs").

The proposed IAIS bylaw amendment would:

- allow (but not require) voting Council Members and their representatives to attend closed IAIS members-only financial stability meetings;

- enable me and other voting Council Members, and thereby in turn the Council itself, to more effectively fulfill the Council's statutory responsibilities to monitor international insurance developments, advise Congress and make recommendations, as well as to regularly consult with international insurance supervisors within this forum. I believe that attendance at IAIS systemic risk meetings is critical to fulfilling my responsibilities as a voting Member of the Council, given the centrality of systemic risk to Council responsibilities; and

- lead to more support for the U.S. representative at the IAIS. Council Member attendance at closed IAIS meetings would lead to more informed constituent input to the U.S. representative, and a greater ability to reflect the views of independent agencies and their actions that serve to promote financial stability.

The proposed IAIS bylaw amendment does not seek to supplant FIO's statutory role as part of Treasury in representing the U.S., as appropriate, at the IAIS – nor is it my desire to do so. The new non-voting membership category is solely intended to allow me and other Council Members to participate as non-voting members at closed IAIS members-only meetings, similar to the role the FIO plays as a non-voting member of the Council.

It is my understanding that the IAIS's Executive Committee will meet again in October of this year, and that the proposed IAIS bylaw amendment may well come up for further discussion. I support the efforts underway at the IAIS that would permit the Council and its members to attend IAIS members-only meetings and monitor important IAIS developments, and in particular, those related to global and U.S. financial stability.

(2) Financial Stability Board

In response to 2008 financial crisis, the G-20 established the FSB in April 2009, expanding the membership and role of its predecessor organization, the Financial

Stability Forum. The FSB's Charter was adopted in September 2009, before the enactment of Dodd-Frank in July 2010.

One of the FSB's tasks, as set forth in its Charter, is to *"assess vulnerabilities affecting the global financial system and identify and review on a timely and ongoing basis the regulatory, supervisory and related actions needed to address them."* Another task is to *"promote coordination and information exchange among authorities responsible for financial stability."*

According to its 2009 Charter, FSB membership is available to *"national and regional authorities responsible for maintaining financial stability, such as ministries of finance, central banks, supervisory and regulatory authorities."* Current FSB members from the U.S. are Treasury, the SEC, and the Federal Reserve.

As noted, the adoption of the FSB's Charter and its inaugural membership predated the establishment of the Council, its statutory purposes, duties and authorities, all of which principally relate to financial stability matters. However, to date, the Council is not itself a member of the FSB. Congress has clearly contemplated that our national authority chiefly responsible for U.S. financial stability is the Council as a whole. This situation may require some discussion as to whether U.S. membership at the FSB should be updated to reflect current statutory responsibilities of the Council.

G-SIIs and SIFIs

Lastly, while there are many important international insurance regulatory developments underway, I do wish to share with this Subcommittee my perspectives on one area capturing recent headlines.

Last week, the Council voted to make proposed determinations regarding an initial set of nonbank financial companies under section 113 of Dodd-Frank. A company subject to a proposed determination has 30 days to request a hearing. After any hearing (or if one is not requested or waived) the Council may make a final decision regarding the designation of a nonbank financial company. As noted in its Guidance, the Council does not intend to announce publicly the name of any nonbank financial company that is under evaluation before a final determination is made. Accordingly, I cannot testify today concerning any specific company. However, I would like to mention my personal perspective as to how any designation of a G-SII by the FSB might relate to the Council's process.

The Council has demonstrated that it will proceed with its responsibilities in considering nonbank financial companies under section 113 of Dodd-Frank, even as international efforts might follow a different time line. My Council colleagues at the IAIS and FSB are proceeding in a manner consistent with the work and views of the Council. If and when any particular insurance company is designated a G-SII by the FSB, and should that nonbank financial company later come before the Council for consideration, I believe that the Council would certainly take note of its G-SII designation. However, it is my

personal view that any G-SII designation would have no binding effect on the Council's independent judgment, especially in view of the fact that while both the Council and the FSB apply similar tests, they are not identical.

Conclusion

I appreciate the efforts of the Chairman and Members of this Subcommittee in evaluating the many important international issues associated with the supervision and regulation of insurance companies, both from prudential and systemic risk perspectives. I look forward to continuing to work with Congress, my colleagues on the Council, and our state insurance regulators on these critical issues. Thank you. I look forward to answering any questions you may have.

ACLI
Financial Security...for Life.

June 13, 2013

The Honorable Randy Neugebauer
Chairman, Subcommittee on Housing and Insurance
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Michael E. Capuano
Ranking Member, Subcommittee on Housing and Insurance
House Committee on Financial Services
B301C Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Neugebauer and Ranking Member Capuano,

The American Council of Life Insurers (ACLI) represents more than 300 legal reserve life and fraternal benefit society member companies operating in the United States. ACLI member companies represent over 90% of the assets and premiums of the life insurance and annuity industry, and are major participants in the long-term care and disability income insurance markets in the United States. ACLI's membership also includes all life reinsurers doing business in North America. We thank you for convening this important hearing and appreciate the opportunity to file these comments with the Subcommittee.

New regional supervisory initiatives like Solvency II, the emerging role of the International Association of Insurance Supervisors (IAIS), and efforts to address institutional oversight on a multinational basis have led to an increased focus on international issues. The financial crisis and resulting domestic (Dodd-Frank Wall Street Reform and Consumer Protection Act) and global (G-20 and Financial Standards Board) reform measures are challenging for life insurers and our regulators. We urge that our state regulators and the Federal Insurance Office (FIO) coordinate closely and cooperate continuously to meet those challenges.

Regulating the life insurance business in a more efficient and effective manner has been a top ACLI priority for a number of years. The ability of life insurers to operative effectively and to serve the financial security needs of their customers is highly dependent on an effective regulatory system. Moreover, the significant role that life insurers play in the U.S. and global economy is dependent on an efficient regulatory structure. We urge that our state regulators and the FIO coordinate closely and cooperate continuously to promote efficient

American Council of Life Insurers
101 Constitution Avenue, NW, Washington, DC 20001-2133
(202) 624-2000 t (866) 953-4098 f
www.acli.com

and effective supervision, with due regard to limitations under current U.S. state and federal laws.

We believe that both FIO and our state regulators must work together to assure that U.S. competitive interests are represented on par with those of our global competitors, FIO from within the U.S. government and our state regulators as participants in supervisory colleges. We support their collective efforts, as we believe close coordination and continuous cooperation on that point, both at home and abroad, is essential.

Sincerely,

Kimberly Olson Dorgan
Senior Executive Vice President, Public Policy
American Council of Life Insurers

THE FINANCIAL SERVICES ROUNDTABLE
Financing America's Economy

June 13, 2013

The Honorable Randy Neugebauer
Chairman
Housing and Insurance Subcommittee
Washington, D.C. 20515

The Honorable Michael Capuano
Ranking Member
Housing and Insurance Subcommittee
Washington, D.C. 20515

Ref: Hearing on the Impact of International Regulatory Standards on the Competitiveness of U.S. Insurers.

Dear Chairman Neugebauer & Ranking Member Capuano

The Financial Services Roundtable applauds Chairman Neugebauer and Ranking Member Capuano for convening this important hearing entitled "The Impact of International Regulatory Standards on the Competitiveness of U.S. Insurers," and for the opportunity to submit comments for the record.

Making the U.S. insurance sector more competitive at home and abroad will help promote a vibrant insurance market that helps Americans protect their financial and retirement security. U.S. insurance companies create jobs in every congressional district; finance municipal, state, and federal investment; help small and large businesses mitigate risk; and support individuals and families during their times of greatest financial need.

Regulations being crafted abroad already have a significant impact on U.S. insurers in their operations both domestically and outside the U.S. This statement for the record will highlight priorities that will materially impact the competitiveness of U.S. insurance sector, including: the role of the Federal Insurance Office; the designation of Global Systemically Important Financial Institutions (G-SIFIs) and Global Systemically Important Insurers (G-SIIs); and the International Association of Insurance Supervisors (IAIS) development of the Common Framework (ComFrame).

Federal Insurance Office

The U.S. insurance sector and insurers benefit from having a strong, unified voice representing us at international forums. To that end, we support a strong and effective Federal Insurance Office working in coordination with state insurance regulators to promote the interests of the U.S. industry and policyholders in international negotiations.

The creation of the FIO, for the first time, places an office in the Department of Treasury to increase federal expertise on insurance matters and regulation. The FIO also has the mandate to represent our domestic sector internationally. We are pleased that the FIO has an active role at the International Association of Insurance Supervisors and encourage its full participation to enhance the voice of U.S. insurance market participants internationally.

Systemically Important Financial Institutions

It is critically important that global regulators' efforts to monitor and regulate systemic risk in international markets not be allowed to upset the carefully calibrated system that U.S. regulators have designed for domestic purposes. The Financial Stability Oversight Council (FSOC) has been charged with designating nonbank systemically important financial institutions (SIFIs) that will be subject to supervision by the Federal Reserve. FSOC has established a three-stage methodology that screens companies early in the process, using publicly available data to designate relevant nonbank financial institutions as "systemically significant" and also eliminate others from unnecessary further consideration. . Recently, FSOC designated a select group of nonbank financial institutions subject to a preliminary designation.

As the Financial Stability Board, working in coordination with the IAIS, designates G-SIIs, it is important that the process not put U.S. insurance companies at competitive disadvantage. Minimizing overlap, duplication or conflict in regulatory measures is an important objective.

Finally, it is important that both the FSOC and FSB understand the unique risk characteristics of insurance companies, which are very different than the risks associated with banks and other financial institutions. We encourage the FIO to assist both bodies in that analysis.

International Association of Insurance Supervisors' Common Framework

As regulators work to develop the Common Framework for Supervision of Internationally Active Insurance Groups (ComFrame) at the IAIS, it is important to consider the specific goals that the framework is intended to achieve. The U.S. insurance industry fared generally well during the recent financial crisis. While greater consultation and communication among regulators is critical to identify potential regulatory problems before they become crises, regulators must not impose another layer of burdensome regulation where there is no clear justification for doing so.

In addition, if ComFrame is not crafted appropriately, U.S. companies operating internationally could be subject to higher capital standards that may place them at a

competitive disadvantage. These will be complex deliberations and decisions that require a strong, unified voice. The Roundtable supports the FIO's statutory authority to serve as that voice, and would urge FIO and state insurance regulators to coordinate their efforts to ensure the position of the United States in international negotiations is as strong as possible.

Conclusion

Again, the Roundtable commends the Subcommittee for examining the important topic. Both the industry and policymakers will face some critical tests in the near- and medium-term. Policymakers will be asked to craft appropriate domestic and international regulatory policies. Companies will confront an increasingly competitive landscape in which the regulatory environment remains uncertain, both at home and abroad. This hearing is an important step in meeting those challenges.

Best Regards,

Scott Talbott
Senior Vice President, Public Policy

NAMIC®

NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES

Statement

of the

National Association of Mutual Insurance Companies

to the

United States House of Representatives

Committee on Financial Services

Hearing on

The Impact of International Regulatory Standards on the Competitiveness of U.S. Insurers

June 13, 2013

The National Association of Mutual Insurance Companies (NAMIC) is pleased to provide comments to the House Financial Services Committee on international insurance regulatory issues and the impact on U.S. insurers.

We represent the interests and concerns of 1,400 property/casualty insurance companies serving more than 135 million auto, home and business policyholders, with more than $196 billion in premiums accounting for 50 percent of the automobile/ homeowners market and 31 percent of the commercial insurance market. We are the largest and most diverse property/casualty trade association in the country, with regional and local mutual insurance companies on main streets across America joining many of the country's largest national insurers who also call NAMIC their home. More than 200,000 people are employed by NAMIC members.

NAMIC agrees that American insurers should be positioned to compete in the international insurance market. We support communication and coordination between international regulatory authorities. Working together will improve understanding of differing regulatory systems and may well result in shared best practices. The 2012 dialogue between the European Union (EU) and U.S. is an example and a foundation for such collaborative efforts.

We would, however, like to share some concerns with the committee about the state of international involvement in U.S regulation.

- It is our position that cooperation and coordination on the regulatory front is a positive thing, but should not result in abdication of regulatory authority to foreign jurisdictions or quasi-governmental bodies.
- Too much focus on regulatory equivalence with other nations could result in significant and costly changes in the U.S. insurance regulatory system. Our system is strong and time-tested. Many of the international insurance regulatory principles have never been implemented, and yet they are being used to measure countries and find them insufficient.
- If these concerns are not addressed, the impact on not only U.S.-based international insurers, but also on those operating only domestically could be very significant and multi-faceted.

Cooperation and Coordination

International efforts to regulate large, multi-national insurers are evolving. The International Association of Insurance Supervisors (IAIS) develops international standards for insurance supervision, provides training to its members, fosters cooperation between insurance regulators, and creates a forum for dialogue between insurance regulators and regulators in other financial and international sectors. The U.S. has been actively engaged in the deliberations of the IAIS. Both the National

Association of Insurance Commissioners (NAIC) and the Federal Insurance Office (FIO) play significant roles at IAIS. State regulators and staff participate in the work of the IAIS on a variety of issues including international solvency supervision, accounting standards, and reinsurance regulation, among others. The Director of FIO chairs the Technical Committee of the IAIS. The IAIS has developed a set of Insurance Core Principles (ICPs) which lay out international insurance standards and best practices for regulators.

The IAIS has supported the use of supervisory colleges as a means for international regulators to convene and discuss a particular insurance group. We support the use of supervisory colleges and believe their use is largely consistent with the NAIC's lead state concept. In the U.S. the states hold periodic regulator-to-regulator conference calls to discuss issues related to a particular insurance group that operates in those states. Supervisory colleges provide the opportunity for that kind of enhanced information sharing and regulatory dialogue affording regulators superior knowledge of the group and regulatory and environmental pressures. Such forums are particularly beneficial when they incorporate dialogue between insurance group management and the most impacted supervisors.

It is NAMIC's position that the international coordination of insurance regulation should be centered on understanding the risks of the insurance group from the perspective of how the insurance group identifies and manages its risk. We believe this type of communication is the foundation on which international coordination of insurance regulation should be developed.

However, NAMIC remains concerned about the focus on equivalence and strict adherence to the ICPs.

Misplaced Focus on Regulatory Equivalence

The IAIS has become far too prescriptive and detailed in the development of ICPs and the Common Framework (ComFrame) for Internationally Active Insurance Groups (IAIGs). We are concerned that such concepts, if forced onto the U.S. regulatory system, could weaken both the system and its domestic insurance companies. The realities of the U.S. insurance market are not always the same as those in other countries or regions. For example:

- Most European countries do not regulate the price of insurance products, and insurance rate regulation is prevalent in the U.S.
- The U.S. legal environment differs significantly from most other countries in a number of respects.
- Our dual state-federal system of government and the independence of state regulation of insurance also differentiate us from many other countries.

These realities need to be considered and reconciled before the U.S. regulators adopt any policies designed to streamline international regulation. While a common financial

language and conceptual similarities between jurisdictions facilitate cooperation and communication between regulators in different jurisdictions, forced convergence is not the answer. For example, the EU has a directive called Solvency II which is in a consultation phase until the end of 2013. Thereafter the directive still needs to be adopted by EU countries. Although this solvency program is not even implemented in EU countries, the EU leadership is already assessing the "equivalency" of foreign insurance regulatory systems to this aspirational system. Essentially the EU is developing a grading process for other jurisdictions' insurance regulatory systems.

The U.S. approach to solvency focuses on: 1.) mitigation by restricting company activities; 2.) disclosure and examination to avoid company insolvencies; and 3.) protection of the policyholders through guaranty funds that will make claim payments to customers of insolvent companies. Alternatively the European model is focused on capital requirements and risk assessments with the goal of *preventing all insolvencies*. The fundamental differences in the two philosophies are incorporated in the laws and regulations, making it difficult to achieve convergence or determine equivalency. This creates a serious concern. If the U.S. were not deemed equivalent, U.S. insurers seeking to do business in the EU would be subject to onerous additional requirements. This Solvency II equivalency structure gives one jurisdiction (the EU) significant power over the regulatory structure in countries around the world. NAMIC believes that the current U.S. system should be deemed equivalent as is, and changes should not be forced on domestic regulators simply due to equivalence considerations.

We appreciate that both the U.S. regulators at the NAIC and the FIO recognize the uniqueness of our system and recognize that changes should only be made when they will fit the U.S. insurance market. We urge the Committee to support these entities in their efforts to discuss and understand both systems, but to support strong and functional regulatory systems even with differences.

Potential Industry Impacts

International pressures to develop consistent financial policies can have unintended consequences.

Industry Consolidation. One of the quandaries of the financial crisis is that the scope and depth of the crisis was related to the significant size of the companies impacted – those companies considered "too big to fail." However, the "solutions" developed by regulators and law makers worldwide are to enhance regulation/oversight, converge accounting systems, and increase capital requirements. These solutions will not strengthen the small companies doing business around the world. These ideas and the compliance costs related to them will promote consolidation of the industries impacted. While some effort has been made to focus enhanced prudential standards on larger organizations, there is significant impact on small insurance companies. We have concerns about moving forward with significant regulatory change without considering the further consolidation of the insurance market and the impact on financial consolidation in the United States.

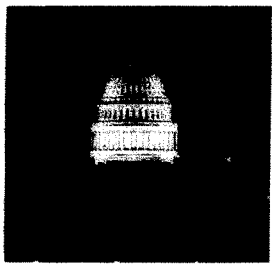
Impact on Small Companies. NAMIC is comprised of many members that are very small businesses. The diversity of insurance company size and scope in America is one of our market's great strengths. The U.S. has a great appreciation for small businesses and understands that by fostering small companies that we will grow our economy. Many of the initiatives underway internationally would result in significant increases in expense and complexity at the operating unit level. Even in the EU there is discussion around the impact that the new requirements could have on small, and especially small mutual, insurance companies. The increase in compliance costs will drive many of these companies to close their doors. Small companies typically serve particular segments of the market, often small communities or groups of customers that would be underserved in their absence.

Impact on U.S. Internationally Active Insurance Groups. The IAIS efforts include the development of ComFrame for internationally active insurance groups. The system has not yet been finalized, but there are already plans to field test ComFrame in 2014. It is a significant change in the regulation of IAIGs, and we urge movement in multi-year phases that will allow identification of the possible repercussions before implementing the entire proposal. The system will include enhanced capital requirements for these insurers that could result in further tightening of the market instead of an increase in economic activity. The impact on the insurance market and world economy will need to be evaluated as the changes are made.

Cost to the World Economy. There are many moving parts to the changes underway internationally. There is work toward converging accounting systems, enhanced capital requirements, and revised investment restrictions. There are new equivalence issues; new enterprise risk management requirements, new group supervision regulation, and new reinsurance standards and many other changes too numerous to list. The financial crisis provided a serious warning that something needed to be done to repair the weaknesses in the financial regulatory system. We need to identify those weaknesses and correct them, but we need to do so with an understanding of the impact of each correction and careful communication between the entities making those changes to ensure that we are not creating a bigger problem than we set out to solve.

Conclusion

NAMIC believes the current U.S. state-based insurance regulatory system is robust and well-positioned to meet the needs of the nation's insurance marketplace. We encourage enhanced and focused coordination and communication between insurance regulators worldwide to increase understanding and improve oversight of the insurance companies they regulate. NAMIC encourages acceptance of the differences in effective regulatory systems and suggests that consistency for its own sake does not serve a valuable purpose. Finally, we urge attention to the unintended and tangential impacts of the enhanced regulatory structure both internationally and in the U.S.



The travel can easily be understood as a powerful means to seduce those state officials whom the company needs to act in their official capacity to sate its commercial interests as a vendor.

PUBLIC POLICY ANALYSIS & OPINION

By Kevin P. Hennosy

TRAMP A PERPETUAL JOURNEY

Preferred vendor NAIC bestows millions in travel gifts upon state officials

For the last century, American insurance regulators have looked askance at incentive travel awarded to insurance producers by insurance carriers. Regulators allege that incentive travel diverts the focus of sales representatives from serving the consumer's needs in order to earn travel awards, which companies establish in order to encourage sales of profitable products.

In this column, we will turn the tables on the Delaware-chartered corporation doing business as the National Association of Insurance Commissioners (NAIC), which uses incentive travel to train and motivate its national sales force: the nation's insurance commissioners.

It could be said that the corporation doing business today as the "NAIC" has assumed the name of an unincorporated association which ceased operations in 1999. In order to differentiate between the two distinct entities, this column refers to the 14-year-old corporation as "NAIC-Newco."

NAIC-Newco has developed an aggressive, lucrative, and fee-generating service program. The company contracts with state insurance departments to provide a range of regulatory IT products and privatized regulatory services.

The key to executing commercial transactions usually rests with the chief insurance regulator in the local jurisdiction, who can enter into licensing contracts with NAIC-Newco, or order the insurance sector to do business with or through the corporation. Commissioners become agents of NAIC-Newco.

To this end, NAIC-Newco asserts that all commissioners owe a fiduciary duty to NAIC-Newco, creating a private interest separate, distinct, and potentially in conflict with the interests of the regulators' home states, which this column examined in the May 2013 edition of this magazine.

Half the states have signed vendor contracts with NAIC-Newco for State Based Systems, from which the company is projected to derive more than $5 million in fees from the regulated entities whose transactions the states funnel through the product. At least 30 states mandate the use of the System for Electronic Rate and Form Filing (SERFF), bringing in another $5 million a year in revenue to NAIC-Newco from the licensees of its members/distribution network.

Every jurisdiction does business with the company's affiliate, the National Insurance Producer Registry (NIPR), from which NAIC-Newco extracts another $8 million in fees annually in an interesting arrangement discussed in this column in the April 2013 edition of this magazine.

In the last 13 years, the NAIC-Newco appears to have transformed the nation's insurance regulatory system into a sales network, dependent upon state officials to use their official capacity to generate fee revenue for the company.

This arrangement begs the question: Do NAIC-Newco's gifts of travel place state officials in legal jeopardy under ethics codes in their home jurisdictions?

Unseemly seduction

NAIC-Newco is first and foremost a commercial contractor, a business, which privatizes regulatory functions and collects tribute payments compelled by its member public officials. The convocations of the NAIC-Newco are not "educational" or "career development activities," which some insurance commissioners have claimed on ethics filings.

There is no doubt that NAIC-Newco's gifting strategy is closely linked to its voracious

marketing of its vendor services to the recipients of its largesse. Administration and marketing of revenue-generating products and services repeatedly appear on NAIC-Newco meeting agendas, and NAIC-model laws, regulations and guidelines often promote the use of the corporation's commercial products and services.

NAIC-Newco uses the meeting to employ old-school marketing activities, such as hospitality suites. At a recent national meeting, NAIC-Newco urged public officials to attend "SBS/NIPR open houses:" "Join us for appetizers & drinks.... in celebrating the 10-year anniversary of State Based Systems—Regulators Only."

The 2013 NAIC-Newco budget sets aside $165,306 for an annual indoctrination and marketing session aimed at public sector information technology personnel. The NAIC E-Reg Conference, which is self-described as the "premier regulatory business and technology event" is a four-day long showcase for corporation's commercial vendor services.

Incentive travel

The proffer of travel has become a central tenet of NAIC-Newco's business model and marketing plan. The company plans to give state officials $902,262 in domestic travel-related tickets, lodging, etc., in 2013, generally at business class and resort hospitality properties.

In addition, NAIC-Newco, plans to give select insurance regulators $1,388,087 for international travel, a 57.12% increase over similar gifts given in 2012.

NAIC-Newco's frequent tender of travel to state officials can easily be understood as a powerful means to seduce those state officials whom the company needs to act in their official capacity to sate its commercial interests as a vendor.

Perhaps these efforts to influence state officials would be justifiable if NAIC-Newco acted with legal cover as a public entity subject to public oversight. But NAIC-Newco is a private corporation chartered under the notoriously unfettered laws of Delaware, and it refuses to file annual financial disclosures with the Internal Revenue Service (IRS).

Operating in its unaccountable and self-supervised netherworld, NAIC-Newco's private gift of travel to public officials is imbued with an unseemly appearance. To paraphrase Walt Whitman, it is possible for insurance commissioners to use NAIC-Newco money to "tramp a perpetual journey"—and some do.

Rank and file NAIC-Newco members can count on weeks of free travel and luxury accommodations every year.

For instance, the Arkansas commissioner's filings with the Arkansas Ethics Commission show him spending a total of 25 days in one year traveling for the NAIC-Newco, on the corporation's dime. NAIC-Newco's business took the commissioner to Bonita Springs, Florida, for the commissioners conference in February 2009; to San Diego in March and San Francisco in December for national meetings; to New Castle, New Hampshire in August for the summer all commissioner fly-in; and St. Thomas, Virgin Islands, for a Southeastern Zone (regional) meeting (not including other meetings in more pedestrian locales).

According to the NAIC-Newco's 2012 budget, the corporation made "important investments in NAIC membership ... [including] continued travel subsidies to support each Commissioner's involvement in NAIC national meetings."

Furthermore, the NAIC-Newco sponsors "commissioners only" getaways. The 2013 budget allocated "$180,258 to fund Commissioners' travel to the annual Commissioners Conference." This year, NAIC-Newco conducted the private conference February 1-4 at the Marriott Frenchman's Reef & Morning Star Hotel, in St. Thomas, U.S. Virgin Islands.

Not bad duty at all in the dead of winter while mere voters are shoveling snow or dodging raindrops.

And the trip to St. Thomas is not a statistical oddity. In recent Februarys, NAIC-Newco has hosted its sales force of state officials in San Juan, Puerto Rico; Bonita Springs Florida; Indian Wells, California; and Miami.

Those meetings are just for the rank and file. NAIC-Newco bestows even more gifts on its most pliant members. The 2013 budget allots "$30,495 for the annual committee assignment meeting of the NAIC leadership team." The NAIC-Newco conducts these meetings for "officers" to divide patronage in warm climates in the dead of winter. In 2011, according to public records, that took the elect to the South Beach in Miami for three days in mid-January.

Fly-Me!

NAIC-Newco sponsors a relatively new travel opportunity with its annual "all commissioner fly-ins" to preferred summer destinations—usually in New England.

Of course, NAIC-Newco wants to portray these gatherings as working sessions; however, journalists and voters have no way of knowing whether that is true because the NAIC-Newco hides what goes on at the "fly-ins" behind a wall of secrecy. So we have to look at state officials' ethics filings to learn more about the festivities.

For instance, the Louisiana commissioner filed a gift disclosure report with the Louisiana Board of Ethics which denotes a gift from the NAIC-Newco of $1,075.83 for lodging in New Castle, New Hampshire, August 23-25, 2009. The Wikipedia entry for New Castle describes the community as "the smallest town in New Hampshire, and the only one located entirely on islands."

The Arkansas commissioner disclosed to the Arkansas Ethics Commission a gift from NAIC-Newco of six days in Burlington, Vermont. The travel dates coincide with the July 2012 commissioners' fly-in. According to the Arkansan's ethics filing, "NAIC paid $631.20 for airfare, baggage, and parking. NAIC also paid meals and hotel, amount unknown."

For their 2010 summer fling, NAIC-Newco members didn't make it to New England—they settled for four days at "the only Forbes Five-Star mineral spa in the world"! In July 2010, NAIC-Newco gifted the nation's insurance commissioners with a trip to the famous Greenbrier resort in West Virginia, where they had access to golf, spa-living and fine cuisine.

The journeys truly are perpetual. NAIC-Newco's 2013 budget projects spending of $1,125,000 on zone (regional) travel and supplemental travel grant funds, a 28% increase over 2011.

The Arkansas commissioner reported two trips last year on the NAIC Newco zone grant dime to Southeastern zone retreats—one for four days in beatific Savannah, Georgia, in early fall with $836.90 for transportation costs and "hotel, amount unknown."

However, we know one thing for certain: Two months after the zone retreat following the gift of a great deal of travel, on November 30, 2012, NAIC-Newco issued a news release titled, "Arkansas becomes 26th member to choose SBS [State Based Systems]." The SBS lays the technical framework for NAIC-Newco fee income—and lobbying aims which we will examine in a future edition.

Select commissioners enjoy business class travel to leading overseas destinations. NAIC leaders have reserved such plums for "team players." A single 2011 newsletter placed the NAIC president in Brussels, Frankfurt, Mexico City, and San Juan; and other commissioners with her in these and other locations.

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Gift bans

Many states place bans on state officials and other employees from receiving things of value from interested parties in order to prevent corrupt transactions and to ensure that officials use the power granted to them through their office to serve the public interest and only the public interest.

Rough Notes is not a legal journal, but it is clear from this columnist's review of relevant laws and an interview with an attorney that there is a serious basis for concern based on the information available to the public. Space limitations will limit the discussion to two examples.

The New York Insurance Department issued Circular Letter No. 7 in 2011, explaining that it "will implement ... OPTins, a product of the [NAIC-Newco]....The Department strongly encourages your participation....Currently, the NAIC charges a nominal fee to use OPTins."

Nationally, those "nominal fees" were $76,145 in 2011 and are projected to be $525,242 in 2013—a 590% increase in two years. OPTins's exponential growth is closely tracking the history of State Based Systems and SERFF, the NAIC services, which have grown to more than $5 million each in annual revenue to NAIC-Newco.

New York's controlling ethics opinions explain that doing business with the state makes NAIC-Newco a "disqualified source" which cannot provide gifts of more than nominal value," and that the law "is applicable both to a donor and a donee." (Ethics Commission Advisory Opinions 94-16 and 08.01.)

Connecticut is engaged in activities with NAIC-Newco which appear to meet the definition of "doing business with" the state in three ways: 1) making annual assessment payments to the corporation, 2) contracting for online tax payments through OPTins, 3) serving as NAIC-Newco's agent by mandating the use of SERFF. And it is "seeking to do business with" the insurance department as a vendor through SBS.

NAIC-Newco boasts that it provides "travel subsidies to support each Commissioner's involvement in NAIC national meetings." This might be interesting to ethics commissions.

If the corporation is paying travel, lodging, etc., for regulators in New York, Connecticut, and states with similar laws, then in the eyes of a reasonable person there is a problem. Since their laws prohibit the giving and receiving of improper gifts, NAIC-Newco is placing its members and itself in legal jeopardy.

While next enjoying Caribbean winters and New England summers on the dime of a state vendor to whom they swear a fiduciary duty, members of the NAIC-Newco sales network of state insurance regulators may want to ask whether their benefactor has been looking out for their interests as carefully as it has its own. In the eyes of a reasonable person, the opinion appears to place both state officials and NAIC-Newco in legal jeopardy. ■

The author

Kevin P. Hennosy is an insurance writer who specializes in the history and politics of insurance regulation. He began his insurance career in the regulatory compliance office of Nationwide Insurance Cos. and then served as public affairs manager for the National Association of Insurance Commissioners (NAIC). Since leaving the NAIC staff, he has written extensively on insurance regulation and testified before the NAIC as a consumer advocate.

INTERNET MARKETING

(continued from page 31)

management system. You may already have a CRM system, but if it doesn't have e-mail capabilities, you simply can't compete with other successful agencies.

According to EmailStatCenter.com (www.emailstatcenter.com), 88% of business-to-consumer companies use e-mail marketing campaigns to keep in contact with clients. With numbers like that, chances are your competitors are nurturing leads via e-mail campaigns. The bottom line: You have to get involved and do it better than they do to keep up, or risk losing leads and never seeing growth.

Using e-mail campaigns to nurture leads not only will grow your business, it will save you time. E-mail marketing is like a personalized ad campaign. You can reach leads on a more personalized level and cover more ground by including information on your agency, testimonials, and staff introductions. You can observe lead behavior and analyze metrics instantly. If you want to create brand loyalty and move your leads quickly through the sales funnel, you need to get your agency on board with lead-nurturing e-mail campaigns. ■

The author

Tim Sawyer is president of Astonish, a digital marketing solutions and insurance sales training company based in Rhode Island. He has trained hundreds of insurance professionals in every aspect of the business with a focus on leadership, digital marketing, and best sales practices.

COVERAGES APPLICABLE

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NAIC National Association of Insurance Commissioners & The Center for Insurance Policy and Research

October 29, 2013

The Honorable Ed Royce
United States House of Representatives
2185 Rayburn House Office Building
Washington, DC 20515

Dear Representative Royce,

This letter is the NAIC's response to your questions for the record following my June 13, 2013 testimony before the Housing and Insurance Subcommittee on the Impact of International Regulatory Standards on the Competitiveness of U.S. Insurers. I apologize for the delay in responding. It took some time to gather the information requested and I wanted to make sure our responses were accurate and complete.

1. *Could you provide a copy of the current NAIC Policy Statement on 'Open Meetings'?*

   The policy is attached (Exhibit A) and is posted on the NAIC web site at http://www.naic.org/documents/meetings_naic_policy_mtg_801.pdf.

2. *Does this policy still have a drafting note exempting "roundtable discussions, zone retreats and meetings, commissioners' conference, other like meetings of the members" from the 'openness'?*

   The policy statement applies to all meetings of NAIC committees, subcommittees, task forces, and working groups. The policy statement includes a drafting note that "Roundtable discussions, zone retreats and meetings, commissioners' conferences, other like meetings of the members, and NAIC education programs of the NAIC are not subject to this policy statement."

3. *If "NAIC is committed to conducting its business openly," do you believe the blanket exemption of all these meetings undermine its commitment?*

   No. The NAIC is committed to conducting its business openly and any action taken on NAIC model laws, regulations or other guidance by any NAIC committee, subcommittee, task force, or working group is taken in open session as required under the Policy Statement provided above. The NAIC is also committed to providing a forum for its members to have frank and candid discussions among themselves concerning regulatory issues.

4. *Do you think these exemptions should be revisited under your leadership?*

   The NAIC regularly reviews its policies to make sure they continue to meet the evolving needs of our Members and is currently reviewing the Policy Statement on Open Meetings.

5. *Could you provide agendas of all "roundtable discussions, zone retreats and meetings, commissioners' conferences, other like meetings of the members" etc. for the last five years, including, but not limited to, dates, locations, invited attendees, topics of discussions, handouts, entertainment provided, restaurants visited, etc., and total amount expended on such meetings by NAIC, with breakdowns for different categories of travel expenses?*

   Commissioner Roundtable discussions are held at each NAIC National Meeting. Agendas for roundtable discussions held 2009 to date are attached at Exhibit B. The dates, location, topics of discussion are noted on the agendas as are any invited guests. Company names have been redacted from all agendas provided where necessary to maintain statutory confidentiality. Invited attendees are NAIC Members at the time the meeting is held as well as other state regulators, state legislators and federal regulators depending on the topic to be discussed. The NAIC does not separately track expenses associated specifically with Commissioner Roundtable discussions held at national meetings.

   The NAIC membership is divided into four zones and, under the NAIC bylaws, each Zone may hold Zone meetings for such purposes as may be deemed appropriate by members of the Zone. Because these meetings are planned by the Zone members, the NAIC does not maintain the agendas. Available expenses for zone meetings are attached at Exhibit C.

   Commissioners Conferences are held at the beginning of each year. Agendas for Commissioners' Conferences held 2009 to date are attached at Exhibit D. The dates, location, topics of discussion are noted on the agendas as are any invited guests and restaurants visited. Invited attendees are NAIC Members at the time the meeting is held. Some Members choose to designate a senior staff representative to attend with them or in their place. Expenses for Commissioners Conferences are attached at Exhibit E.

   The NAIC also hosts Commissioners Fly-Ins in Washington, D.C. to allow our Members an opportunity to meet with their legislative delegations and federal policy makers to discuss issues of common concern. Agendas for Commissioners Fly-Ins held 2009 to date are attached as Exhibit F. Invited attendees are NAIC Members at the time the meeting is held. Some Members choose to designate a senior staff representative to attend with them or in their place. The dates, location, topics of discussion are noted on the agendas as are any invited guests and restaurants visited. Expenses for these meetings are attached at Exhibit G.

   In four of the last five years an interim Commissioners Roundtable was held in conjunction with a summer interim meeting of the Executive Committee. Agendas for these Roundtable sessions held for 2009 to date are attached as Exhibit H. Invited attendees are NAIC Members at the time the meeting is held. Some Members choose to designate a senior staff representative to attend with them or in their place. The dates, location, topics of discussion are noted on the agendas as are any invited guests and restaurants visited. Expenses for the summer meetings are attached at Exhibit I.

6. *Could you provide a list of all international travel for Commissioners funded by NAIC for the last five years-dates, purposes, travelers, amounts expended, broken down by category, what class airfare was provided, and what hotels were stayed in?*

   The requested information is attached at Exhibit J.

7. *Could you please list any commissioners from the last five years who have not had any travel expenses paid for by the NAIC for the last five years?*

   The NAIC believes that nearly all NAIC Members have attended some NAIC Meeting during their tenure and had some expense reimbursed by the NAIC. There may be exceptions where a commissioner, director or superintendent served for a short time or in an acting or interim basis.

8. *Could you provide copies of all ethics rules NAIC has prepared for its officers, executive committee members, and members in the last five years. Please indicate whether any commissioners have refused to sign their acknowledgment forms or in any way indicated they will not follow their requirements.*

   The NAIC Conflict of Interest Policy for the Membership and Acknowledgment Form and Disclosure Statement for Executive Committee Members are attached at Exhibit K. No Commissioners have refused to sign or indicated they will not follow the requirements.

If you have any questions concerning any of the information provided, please contact Ethan Sonnichsen, Director, Government Relations at 202-471-3980 or ESonnichsen@naic.org.

Sincerely,

Senator E. Benjamin Nelson
Chief Executive Officer

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Exhibit C	Zone Meeting Expenses
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Exhibit K	NAIC Conflict of Interest Policy for the Membership and Acknowledgment Form and Disclosure Statement for Executive Committee Members

EXHIBIT A

NAIC POLICY STATEMENT ON OPEN MEETINGS

Exhibit A

NAIC POLICY STATEMENT ON OPEN MEETINGS
Revised: October 29, 2007

The NAIC is a private, voluntary nonprofit corporation comprised of state insurance regulators. Although the NAIC essentially is not a governmental agency charged by state or federal law to perform governmental regulatory activities, its members are responsible in their respective states with implementation and enforcement of state laws, regulations and public policy in the best interests of insurance consumers. Accordingly, the NAIC is committed to conducting its business openly subject to the discretion of the chairpersons of committees, subcommittees, task forces and working groups in those situations in which public discussions would not be appropriate, which might include but is not intended to be limited to the following situations:

1. Potential or pending litigation or administrative proceedings which may involve the NAIC, any NAIC member, or their staffs, in any capacity involving their official or prescribed duties, requests for briefs of amicus curiae, or legal advice;
2. Pending investigations which may involve either the NAIC or any member in any capacity;
3. Specific companies, entities or individuals;
4. Internal or administrative matters of the NAIC or any NAIC member, including budget, personnel and contractual matters, and including consideration of internal administration of the NAIC by the Internal Administration (EX1) Subcommittee or any subgroup appointed there under;
5. Elections of officers of the NAIC;
6. Consultations with NAIC staff members;
7. Consideration of individual state insurance department's compliance with NAIC financial regulation standards by the Financial Regulation Standards and Accreditation (F) Committee or any subgroup appointed there under;
8. Consideration of strategic planning issues relating to federal legislative matters; or
9. Any other subject required to be kept confidential under any state or federal law or under any judicial or administrative order.

Because not all situations can always be anticipated by the chairpersons, they shall retain the ability to exercise reasonable judgment in other situations in which public discussions would be inadvisable or inappropriate.

At the beginning of any regulator-to-regulator session, the chairperson of the committee, subcommittee, task force or working group shall indicate the reason public discussion would not be appropriate.

This revised policy statement shall take effect and apply to meetings after the end of the NAIC Winter National Meeting in Houston, Texas, Dec. 2-4, 2007.

[NOTE: (Effective Jan. 1, 1996, conference call meetings are included in the application of the policy statement, by action of the NAIC on June 4, 1995). Roundtable discussions, zone retreats and meetings, commissioners' conferences, other like meetings of the members, and NAIC education programs of the NAIC are not subject to this policy statement. This policy statement was originally adopted by the NAIC membership during the 1994 Fall National Meeting in Minneapolis, Minnesota, Sept. 18-20, 1994.]

EXHIBIT B

NATIONAL MEETING ROUNDTABLE AGENDAS

Exhibit B

Updated: 3/15/09

REVISED

NAIC 2009 Spring National Meeting
San Diego, CA

ROUNDTABLE
Monday, March 16, 2009
9:00 a.m. – 12:00 p.m.
San Diego Convention Center—Ballroom 6A—Upper Level

9:00 a.m. State Insurance Regulator-Only Session (Black or Blue Badge)

(Agenda Items may involve discussions regarding specific individual companies, legal and/or regulatory actions, or NAIC contractual matters.)

1. **Insurance Company Discussion**
   Commissioner Roger Sevigny (NH), President

2. **AIG Update** **HANDOUT TWO**
   Scott Gillis, Sr. Vice President and Chief Financial Officer, AIG Retirement Services Inc.
   Introduced by Commissioner Roger Sevigny (NH), President

3. **Company Name Redacted**
   Commissioner Joel Ario (PA)

4. **Section 1033 Consent Litigation**
   Commissioner Leslie Newman (TN)

5. **Speed to Market Implementation and Assessment Reports** **HANDOUT THREE**
   Director Mary Jo Hudson (OH)

11:30 a.m. (estimate) Regulator to Regulator/Invited Guests Session

6. **Discuss Zone Calls regarding 2009 Winter National Meeting**
   Commissioner Roger Sevigny (NH), President

7. **NAIC Strategic Management Update**
   Commissioner Roger Sevigny (NH), President
   - **Edelman – NAIC Media Outreach Update** – *Maxine Winer, Edelman*
   - **Regulatory Modernization Update** - *Commissioner Roger Sevigny (NH)*

8. **Capital & Surplus Relief Working Group Update** **HANDOUT FOUR**
   Commissioner Roger Sevigny (NH), President
   - **2008 Annual Statement Permitted & Prescribed Practices Report**
     Commissioner Roger Sevigny (NH), President

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9. **Treasurer's Report** **HANDOUT ONE**
   Commissioner Kevin McCarty (FL) Secretary-Treasurer

10. **Insure U / IIQ Survey Report**
    Commissioner Roger Sevigny (NH), President

11. **Other Matters**
    Commissioner Roger Sevigny (NH), President

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Exhibit B

National Association of Insurance Commissioners

Draft: 6/13/09

REVISED

NAIC 2009 Summer National Meeting
Minneapolis, MN

ROUNDTABLE

Sunday, June 14, 2009
9:00 a.m. – 12:00 p.m.
(Lunch Provided)
Minneapolis Convention Center – Ballroom A – Level 1

1. **Financial Sector Assessment Program (FSAP) Presentation by Ian Tower, IMF**
   Introduction by Commissioner Roger Sevigny (NH)

2. **Regulatory Modernization Proposal**—*Commissioner Roger Sevigny (NH)*

Other Matters

3. **Treasurer's Report**—*Commissioner Kevin McCarty (FL)* **HANDOUT ONE**

4. **Advisory Organization Examination Oversight (C) Working Group Update**—*Commissioner Kevin McCarty (FL)* **HANDOUT TWO**

5. **State Budgets**—*Director Mary Jo Hudson*

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Exhibit B

NAIC National Association of Insurance Commissioners

Draft: 12/5/09

REVISED
2009 Winter National Meeting
San Francisco, CA

ROUNDTABLE
Sunday, December 6, 2009
9:00 a.m. – 12:00 p.m.
(Regulator-to-Regulator/Invited Guests)
Hilton San Francisco—Grand Salon B—Grand Ballroom Level

AGENDA

REGULATOR-TO-REGULATOR/INVITED GUESTS SESSION

1. Treasurer's Report — **HANDOUT ONE**
   Commissioner Kevin M. McCarty (FL)

2. Consumer Outreach Plan for 2010 — **HANDOUT TWO**
   Commissioner Roger A. Sevigny (NH)

3. Valuation Manual Update
   Commissioner Thomas R. Sullivan (CT)

4. Regulatory Modernization Project
   Commissioner Roger A. Sevigny (NH)

5. DTA and Other Accounting Issues
   Commissioner Alfred W. Gross (VA)

6. Update on HPRC Long-Term Care Uniform Standards Development
   Director Mary Jo Hudson (OH)

7. Reassessing Credit Designations for Residential Mortgage-Backed Securities
   Superintendent James J. Wrynn (NY)

8. Multi-State Examination and Cross-Border Communication
   Commissioner Kevin M. McCarty (FL)

9. National Treatment: UCAA
   Jill Jacobi (CA)

10. U.S. Insurers Investment in Iran — **HANDOUT THREE**
    Commissioner Steve Poizner (CA)

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NAIC National Association of Insurance Commissioners

Exhibit B

3/26/10

REVISED
2010 Spring National Meeting
Denver, CO

ROUNDTABLE
Saturday, March 27, 2010
9:00 a.m. – 12:00 p.m.
Lunch Provided
(Regulator-to-Regulator/Invited Guests)
Hyatt Regency Denver—Centennial A-E—Level 3

AGENDA

1.	Treasurer's Report—*Commissioner Kim Holland (OK)*	HANDOUT ONE
2.	Consumer Outreach Plan for 2010—*Commissioner Jane L. Cline (WV)*	HANDOUT TWO
3.	Climate Risk Disclosure Survey—*Commissioner Jane L. Cline (WV)*	HANDOUT THREE
4.	Solvency Modernization Initiative Presentation—*Director Christina Urias (AZ)*	HANDOUT FOUR
5.	NAIC Evaluation of Structured Securities—*Commissioner Jane L. Cline (WV)*	
6.	Suitability/Reciprocity – Annuity Sales—*Commissioner Leslie A. Newman (TN)*	
7.	Certificates of Insurance—*Director Merle D. Scheiber (SD)*	HANDOUT FIVE
8.	Property & Casualty Risk Classification Survey—*Director Michael T. McRaith (IL)*	
9.	Health Care Reform Implementation—*Commissioner Sandy Praeger (KS)*	HANDOUT SIX

REGULATOR-TO-REGULATOR SESSION
(The following agenda item(s) will be held in regulator-to-regulator session in accordance with NAIC's adopted policy on open meetings, whereby discussions involve specific companies, entities or individuals.)

1. Financial Sector Assessment Program (FSAP) Presentation—*Commissioner Kim Holland (OK)*
2. Company Name Redacted—*Director Michael T. McRaith (IL)*
3. Company Name Redacted—*Director Michael T. McRaith (IL)*
4. Company Update—*Commissioner Leslie A. Newman (TN)*
5. Any Other Matters Brought Before the Committee—*Commissioner Jane L. Cline (WV)*
6. Adjournment

\National Meetings\2010\Spring\Agenda\Roundtable.doc

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Exhibit B

NAIC National Association of Insurance Commissioners

8/14/10

REVISED
2010 Summer National Meeting
Seattle, WA

ROUNDTABLE
Sunday, August 15, 2010
9:00 a.m. – 12:00 p.m.
Lunch Provided in Rooms 615-617
(Regulator-to-Regulator/Invited Guests)
Washington State Convention Center—Room 6 B/C—Level 6

AGENDA

1. Welcome State Legislators—*Commissioner Jane L. Cline (WV)*

2. Financial Crimes Enforcement Network (FinCEN) Presentation on Financial Examination Handbook of Insurers Anti-money Laundering Programs — HANDOUT ONE
   —*Thomas Fleming, Assistant Director for the Office of Compliance*
   — *Patrick Lightcap, Compliance Project Officer Regulatory Policy & Programs Division Financial Crimes Enforcement Network*

3. Treasurer's Report—*Commissioner Kim Holland (OK)* — HANDOUT TWO

4. Consumer Outreach Update for 2010—*Commissioner Jane L. Cline (WV)* — HANDOUT THREE

5. Financial Services Oversight Council (FSOC)— *Commissioner Jane L. Cline (WV)*

6. Standard Valuation Law Impact Study Update—*Commissioner Thomas R. Sullivan (CT)*

7. Regulatory Modernization Projects/Updates
   - Reinsurance Collateral/Accreditation—*Director Scott H. Richardson (SC) and Superintendent Joseph Torti, III (RI)*
   - Surplus Lines Strategic Planning—*Commissioner James J. Donelon (LA)*
   - Reciprocity Recertification Update by the NARAB (EX) Working Group of the Producer Licensing (EX) Task Force—*Director Linda S. Hall*
   - Group Supervision—*Dr. Therese M. Vaughan, Commissioner Alfred W. Gross (VA), and Director Ann M. Frohman (NE)*

8. Implementation of Health Insurance Reform — HANDOUT FIVE
   - Medical Loss Ratio (MLR)—*Brian Webb (NAIC)*
   - Consumer Ombudsman— *Administrator Teresa D. Miller (OR)*
   - Rate Review—*Commissioner Mike Kreidler (WA)*
   - Premium Review Grant Update—*Administrator Teresa D. Miller (OR)*
   - Public Access—*Director Mary Jo Hudson (OH) and Administrator Teresa D. Miller (OR)*

9. Retained Asset Accounts (RAAs)— *Commissioner Thomas R. Sullivan (CT) and Commissioner Roger A. Sevigny (NH)*

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Exhibit B

REGULATOR-TO-REGULATOR SESSION

(The following agenda item(s) will be held in regulator-to-regulator session in accordance with NAIC's adopted policy on open meetings, whereby discussions involve specific companies, entities or individuals.)

1. American Trade Association Health Insurance Fraud Alert—*Commissioner Kim Holland (OK)*
2. Risk Classification Data Call—*Director Michael T. McRaith (IL)*
3. Multi-State Enforcement (EX) Task Force—*Commissioner Mike Chaney (MS)* HANDOUT SIX
4. Multi-State Market Conduct Exam Update—*Superintendent James J. Wrynn (NY)*
5. Company Update—*Superintendent James J. Wrynn (NY)*
6. Any Other Matters Brought Before the Committee—*Commissioner Jane L. Cline (WV)*
7. Adjournment

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Exhibit B

National Association of Insurance Commissioners

10/19/10

REVISED
2010 Fall National Meeting
Orlando, FL

ROUNDTABLE
Tuesday, October 19, 2010
8:30 a.m. – 11:30 a.m.

(Regulator-to-Regulator/Invited Guests)
Gaylord Convention Center—Osceola C/D - Ballroom Level

AGENDA

1. Treasurer's Report—*Commissioner Kim Holland (OK)* — Handout One
2. Proposed 2011 NAIC Budget—*Commissioner Susan E. Voss (IA)* — Handout Two
3. Consumer Outreach Update—*Commissioner Jane L. Cline (WV)* — Handout Three
4. Group Holding Company Model—*Director Ann M. Frohman (NE)*
5. Financial Stability Oversight Council (FSOC) Update—*Director John M. Huff (MO)*
6. Health Care Reform: Wrapping up work on MLR—*Commissioner Sandy Praeger (KS)* — Handout Four
7. Surplus Lines Implementation Update—*Commissioner James J. Donelon (LA)*
8. NARAB Update—*Director Linda S. Hall (AK)*
9. Separate Accounts —*Commissioner Alfred W. Gross (VA)* — Handout Five
10. Consumer System to Identify Missing Life Insurance Policies—*Director Mary Jo Hudson (OH) and Commissioner James J. Donelon (LA)*
11. Any Other Matters Brought Before the Committee—*Commissioner Jane L. Cline (WV)*

REGULATOR-TO-REGULATOR SESSION
(The following agenda item(s) will be held in regulator-to-regulator session in accordance with NAIC's adopted policy on open meetings, whereby discussions involve specific companies, entities or individuals.)

1. Federal Claims Issue—*Director Mary Jo Hudson (OH)*
2. Officer Elections—*Commissioner Jane L. Cline (WV)*
3. Multistate Settlement Update—*Superintendent James J. Wrynn (NY)*
4. Adjournment

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National Association of Insurance Commissioners

3/26/11

FINAL
2011Spring National Meeting
Austin, TX

ROUNDTABLE
Sunday, March 27, 2011
8:00 – 11:00 a.m.
Austin Convention Center—Ballroom D—Level 4

(Regulator-to-Regulator/Invited Guests)

AGENDA

1. The Health Care Accreditation Process: A Quality Improvement Tool for Regulators—Presentation by Alan P. Spielman, URAC President and CEO; Mara Osman, URAC Director of Government Relations; and Christine Leyden, Senior Vice President and Chief Accreditation Officer —*Superintendent Mila Kofman (ME)* — Attachment One
2. Treasurer's Report—*Director Michael T. McRaith (IL)* — Attachment Two
3. Consumer Outreach Plan for 2011—*Commissioner Susan E. Voss (IA)* — Attachment Three
4. Executive Committee Task Force Recommendations—*Commissioner Susan E. Voss (IA)* — Handout One
5. Professional Health Insurance Advisors (EX) Task Force Public Hearing —*Commissioner Kevin M. McCarty (FL)*
6. Capital Markets and Investment Analysis Office—*Commissioner Susan E. Voss (IA)*
7. Discussion of NARAB II—*Commissioner Roger A. Sevigny (NH)* — Attachment Four
8. Online Premium Tax for Insurance (OPTins)—*Commissioner Roger A. Sevigny (NH)*
9. Surplus Lines Implementation—*Commissioner James J. Donelon (LA)*
10. Solvency Modernization Initiative Update—*Director Christina Urias (AZ)*
11. Holding Company Model Law Implementation—*Therese M. Vaughan, Ph.D (NAIC)*
12. Annuity Suitability Model Implementation—*Commissioner Susan E. Voss (IA)*
13. International Relations Update—*Commissioner Kevin M. McCarty (FL)*
14. Any Other Matters Brought Before the Committee—*Commissioner Susan E. Voss (IA)*

REGULATOR-TO-REGULATOR SESSION
(The following agenda item(s) will be held in regulator-to-regulator session in accordance with NAIC's adopted policy on open meetings, whereby discussions involve specific companies, entities or individuals.)

1. Company Name Redacted—*Commissioner Kevin M. McCarty (FL)*
2. Multistate Examinations/Settlements Covering Life and Annuity Settlement Practices including Unclaimed Property—*Commissioner Kevin M. McCarty (FL)*
3. Company Name Redacted—Guaranty Fund Coverage —*Superintendent James J. Wrynn (NY) / Therese M. Vaughan, Ph.D (NAIC)*
4. Adjourn

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Exhibit B

11/3/11

FINAL
2011 Fall National Meeting
Washington, DC

ROUNDTABLE
Friday, November 4, 2011
8:30 a.m. – 12:00 p.m.
Gaylord Convention Center—Potomac Ballroom A/B—Level 2

(Regulator-to-Regulator/Invited Guests)

AGENDA

1. FinCen Memoranda of Understanding — Attachment One
   —*Jim Freis, Director, FinCEN – Financial Crimes Enforcement Network*
2. FIO Update—*Michael T. McRaith, Director, Federal Insurance Office*
3. Treasurer's Report—*Commissioner Adam Hamm (ND)* — Attachment Two
4. 2012 NAIC Budget Proposal—*Commissioner Kevin M. McCarty (FL)*
5. Consumer Outreach 2011 Update—*Commissioner Susan E. Voss (IA)* — Attachment Three
6. Solvency Modernization Initiative Update—*Director Christina Urias (AZ)* — Attachment Four
7. International Update—*Commissioner Kevin M. McCarty (FL)* — Attachment Five
   - Discussion of International Monetary Fund Financial Sector Assessment Program Recommendations
   - ComFrame
   - EU Dialogue
8. State Producer Examination Process—*Commissioner Roger A. Sevigny (NH)* — Attachment Six
9. Recognize Senior Professional in Insurance Regulation (SPIR) Designation Recipients
   —*Commissioner Susan E. Voss (IA)*
10. Any Other Matters—*Commissioner Susan E. Voss (IA)*
11. Adjourn and Convene Plenary Session

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Exhibit B

National Association of Insurance Commissioners

3/3/12

FINAL
2012 Spring National Meeting
New Orleans, LA

ROUNDTABLE
Sunday, March 4, 2012
9:00 a.m. – 12:00 p.m.
Hilton New Orleans Riverside—Grand Ballroom B–D—1st Level

(Regulator-to-Regulator/Invited Guests)

AGENDA

1. Treasurer's Report—*Commissioner Monica J. Lindeen (MT)* — Attachment One

2. 2012 Consumer Outreach Plan—*Commissioner Kevin M. McCarty (FL)* — Attachment Two

3. NAIC / Financial Crime Enforcement Network (FinCen) MOU
—*Commissioner Roger A. Sevigny (NH) / Superintendent Joseph Torti III (RI)*

4. 2012 Key Regulatory Initiatives—*Commissioner Kevin M. McCarty (FL)*

   I. Coordination with Federal Insurance Office—*Commissioner Kevin M. McCarty (FL)*
   II. Market Regulation—*Commissioner Sharon Clark (KY)*
   III. State Insurance Producer Licensing / NARAB II—*Commissioner Roger A. Sevigny (NH)* — Attachment Three
   IV. Actuarial Guideline XXXVIII (AG38) / Principle-Based Reserving system (PBR) — Attachment Four
   —*Commissioner Eleanor Kitzman (TX) / Commissioner Susan Voss (IA)*
   V. Group Supervision—*Director Christina Urias (AZ)*
      - Model Holding Company Act and Regulation
      - Supervisory Colleges
      - Own Risk and Solvency Assessment (ORSA)
   VI. Accreditation Program—*Commissioner Eleanor Kitzman (TX)*

5. IAIS 2012 Annual Conference—Insurance Supervision: Foundations for Global Financial Strength—NAIC Host—*Commissioner Susan Voss (IA)*

6. Any Other Matters—*Commissioner Kevin M. McCarty (FL)*

7. Adjourn to Regulator-to-Regulator Session

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National Association of Insurance Commissioners

3/3/12

FINAL
2012 Spring National Meeting
New Orleans, LA

ROUNDTABLE
Sunday, March 4, 2012
9:00 a.m. – 12:00 p.m.
Hilton New Orleans Riverside—Grand Ballroom B–D—1st Level

REGULATOR-TO-REGULATOR SESSION

(The following agenda item(s) will be held in regulator-to-regulator session in accordance with NAIC's adopted policy on open meetings, whereby discussions involve specific companies, entities or individuals.)

1. First Surety Update—*Commissioner Michael F. Consedine (PA)*

2. Life/Annuity Claims Settlement Practices-- *Commissioner Michael F. Consedine (PA)*
   - Prudential Settlement
   - Status on others

3. NAIC Process Issues—*Commissioner Susan E. Voss (IA)*
   - Resolution Process
   - Conflict of Interest Policy

4. Adjournment

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8/11/12

FINAL
2012 Summer National Meeting
Atlanta, GA

ROUNDTABLE
Sunday, August 12, 2012
9:30 a.m. – 12:00 p.m.
Atlanta Marriott Marquis—Atrium Ballroom—Atrium Level

(Regulator-to-Regulator/Invited Guests)

AGENDA

1. Treasurer's Report—*Commissioner Monica J. Lindeen (MT)* — Attachment One

2. 2013 NAIC Budget—*Commissioner James J. Donelon (LA)*

3. International Association of Insurance Supervisors (IAIS) Activities
   —*Peter Braumüller, Chairman, IAIS Executive Committee*

4. IAIS 2012 Annual Conference—Insurance Supervision:
   Foundations for Global Financial Strength—NAIC Host
   —*Commissioner Susan E. Voss (IA)*

5. 2012 Consumer Outreach Plan—*Commissioner Kevin M. McCarty (FL)* — Attachment Two

6. 2012 Key Regulatory Initiatives—*Commissioner Kevin M. McCarty (FL)* — Attachment Three
   - Coordination with Federal Insurance Office—*Commissioner Kevin M. McCarty (FL)*
   - Market Regulation—*Commissioner Sharon P. Clark (KY)*
   - State Insurance Producer Licensing / NARAB II—*Commissioner Roger A. Sevigny (NH)*
   - Actuarial Guideline XXXVIII (AG38) / Principle-Based Reserving System (PBR)
     —*Commissioner Eleanor Kitzman (TX) / Commissioner Susan E. Voss (IA)*
   - Group Supervision—*Director John M. Huff (MO)*
   - Accreditation Program—*Commissioner Eleanor Kitzman (TX)*

7. International Update—*Commissioner Susan E. Voss (IA)*

8. FinCEN MOU—*Superintendent Joseph Torti III (RI)*

9. Veterans Administration Benefits to Seniors—*Commissioner Sharon P. Clark (KY)*

10. Computerized Claims Systems
    —*Commissioner Sharon P. Clark (KY) and Commissioner Stephen W. Robertson (IN)*

11. Offshoring—*Director Andrew Boron (IL)*

12. Health Reform Update—*Commissioner Sandy Praeger (KS)*

13. Any Other Matters—*Commissioner Kevin M. McCarty (FL)*

14. Adjourn to Regulator-to-Regulator Session

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NAIC National Association of Insurance Commissioners

Updated: 11/30/2012 9:18:46 AM

FINAL
2012 Fall National Meeting
Washington, DC

ROUNDTABLE
Friday, November 30, 2012
10:00 a.m. – 12:00 p.m.
Gaylord Convention Center—Maryland Ballroom A-D—Level 2
(Regulator-to-Regulator/Invited Guests)

AGENDA

1. Treasurer's Report—*Commissioner Monica J. Lindeen (MT)* — Handout One
2. Proposed 2013 NAIC Budget Update—*Commissioner James J. Donelon (LA)*
3. Storm Sandy Update—*Commissioner Kevin M. McCarty (FL)*
4. Consumer Education/Outreach Update—*Commissioner Kevin M. McCarty (FL)*
5. 2012 Key Regulatory Initiatives Update—*Commissioner Kevin M. McCarty (FL)* — Handout Two

   Under the Principle-Based Reserving (PBR) initiative, a discussion of the following two items:

   - Discuss Proposed Valuation Manual—*Commissioner Julie Mix McPeak (TN)*
   - Discuss Captives and Special Purpose Vehicles (SPVs) utilized by Life Insurers—*Superintendent Joseph Torti III (RI)*

6. Discuss Qualified Jurisdiction (Reinsurance) Proposal—*Commissioner Michael F. Consedine (PA)* — Handout Three
7. International Update—*Commissioner Susan E. Voss (IA)*
8. Corporate Governance (E) Working Group Update—*Director John M. Huff (MO)*
9. Unauthorized Business of Insurance by U.S. Insurers in Foreign Jurisdictions—*Commissioner Eleanor Kitzman (TX)*
10. Public Access Proposal from the Speed to Market (EX) Task Force—*Commissioner Roger A. Sevigny (NH)*
11. Release of Public Data in the NAIC Market Information Systems—*Commissioner Stephen W. Robertson (IN)*
12. NAIC 2013 Commissioners' Conference—*Commissioner James J. Donelon (LA)*
13. Any Other Matters—*Commissioner Kevin M. McCarty (FL)*
14. Adjournment

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Exhibit B

Draft: 4/6/13

FINAL
2013 Spring National Meeting
Houston, TX

ROUNDTABLE
Sunday, April 7, 2013
9:00 a.m. – 12:00 p.m.
Hilton Americas—Ballroom of the Americas—Level 2
(Regulator-to-Regulator/Invited Guests)

AGENDA

1. National Association of State Fire Marshals
   Corrugated Stainless Steel Tubing—*Commissioner Jim Donelon (LA)*
2. Outreach to Sovereign Nations—*Commissioner John D. Doak (OK)* — Attachment One
3. Treasurer's Report—*Commissioner Michael F. Consedine (PA)* — Attachment Two
4. Consumer Education/Outreach Update—*Commissioner Jim Donelon (LA)* — Attachment Three
5. Accreditation Program/Regulator Exchange—*Commissioner Eleanor Kitzman (TX)*
6. Model Holding Company Act—*Director John M. Huff (MO)*
7. International Insurance Activities—*Commissioner Thomas B. Leonardi (CT)*
8. PPACA Implementation/Regulatory Alternatives—*Commissioner Sandy Praeger (KS)*
9. FIO Monitoring of Accessibility and Affordability Issues—*Commissioner Sharon P. Clark (KY)*
10. Insurer Fee Accrual Issue—*Superintendent Joseph Torti III (RI)*
11. Moving Insurer Activities Offshore—*Commissioner Sharon P. Clark (KY) and Commissioner Stephen W. Robertson (IN)*
12. NIMA Associate Memberships—*Director Merle Scheiber (SD)* — Attachment Four
13. Dodd-Frank Consumer Protection and Wall Street Reform Act
    —*Commissioner Michael F. Consedine (PA)*
14. Any Other Matters—*Commissioner Jim Donelon (LA)*

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NAIC National Association of Insurance Commissioners

4/6/13

FINAL
2013 Spring National Meeting
Houston, TX

ROUNDTABLE
Sunday, April 7, 2013
Immediately following 9:00AM Session
Hilton Americas—Ballroom of the Americas—Level 2

REGULATOR-TO-REGULATOR SESSION

The following agenda item(s) will be held in regulator-to-regulator session in accordance with NAIC's adopted policy on open meetings, whereby discussions involve specific companies, entities or individuals.

1. Report on State Insurance Regulator Secondment at FINMA — Attachment Five
   —*Commissioner Thomas B. Leonardi (CT)*
2. Unfair Life Insurance and Annuity Claims Settlement Practices — Attachment Six
   —*Commissioner Kevin M. McCarty (FL)*
3. Any Other Matters—*Commissioner Jim Donelon (LA)*
4. Adjournment

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Exhibit B

Draft: 8/24/13

2013 Summer National Meeting
Indianapolis, IN

ROUNDTABLE
Sunday, August 25, 2013
9:00 a.m. – 12:00 p.m.
JW Marriott Indianapolis—JW Grand Ballroom 5-6—Level 3
(Regulator-to-Regulator/Invited Guests)

AGENDA

1. Federal Housing Finance Agency (FHFA)—Office of Housing and Regulatory Policy Presentation —*Jim Gray, Manager* — Attachment One
2. Treasurer's Report—*Commissioner Mike Consedine (PA)* — Attachment Two
3. Update on 2014 NAIC Budget Process—*Commissioner Adam Hamm (ND)*
4. Consumer Education/Outreach Update—*Commissioner Jim Donelon (LA)*
5. Update on Oklahoma Disaster Recovery—*Commissioner John Doak (OK)*
6. NAIC Governance Review—*Director John Huff (MO)*
7. Update of Principle-Based Reserves (PBR) / Captives —*Commissioner Julie Mix McPeak (TN) and Superintendent Joe Torti (RI)*
8. Update on Health Care Implementation—*Commissioner Sandy Praeger (KS)*
9. Update on Holding Company / Group Supervision—*Director John Huff (MO)*
10. NAIC/American Indian Liaison Committee—*Commissioner Jim Donelon (LA)*
11. International Insurance Activities—*Commissioner Tom Leonardi (CT)*
12. 2014 Consumer Representatives—*Commissioner Wayne Goodwin (NC)*
13. Any Other Matters—*Commissioner Jim Donelon (LA)*

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EXHIBIT C

ZONE MEETING EXPENSES

CONFIDENTIAL

NAIC Zone Meetings

Zone	Year	Dates	Location	Ground Transportation	Airfare/ General*	Hotel**	Meals	Total
Northeast	2009	July 30 - 31	Cambridge, Maryland	$ 255.92	$ 10,224.98	$ 34,755.22	$ 321.00	$ 45,557.12
Northeast	2010	Jun 14 - 15	Cape Elizabeth, Maine	$ 750.00	$ 14,312.39	$ 39,926.23	$ 1,297.85	$ 56,286.47
Northeast	2011	Jun 6 - 8	Wilmington, Delaware	$ 1,235.72	$ 11,905.36	$ 22,975.18		$ 36,116.26
Northeast	2012	Jun 11 - 12	Chatham, Massachusetts	$ 1,514.68	$ 5,104.21	$ 34,646.80		$ 41,265.69
Northeast	2013	June 18 - 20	Atlantic City, NJ		$ 3,811.32	$ 25,803.97	$ 2,794.00	$ 32,409.29
	Northeast Zone Totals			**$ 3,756.32**	**$ 45,358.26**	**$ 158,107.40**	**$ 4,412.85**	**$ 211,634.83**

Expenses

Zone	Year	Dates	Location	Ground Transportation	Airfare/ General*	Hotel**	Meals	Total
Southeast	2009	Apr 30 - May 1	Charlotte, North Carolina		$ 2,116.56	$ 3,489.79	$ -	$ 5,606.35
Southeast	2009	Oct 16-18	St. Thomas, U.S. Virgin Islands		$ 4,482.33	$ 34,203.48	$ 7,257.95	$ 45,943.76
Southeast	2010	Apr 21-22	Atlanta, Georgia		$ 892.24	$ 5,341.98	$ -	$ 6,234.22
Southeast	2010	May 21-22	Lexington, KY		$ 1,530.62	$ 9,693.48	$ 3,522.04	$ 14,746.14
Southeast	2010	Oct 8-9	New Orleans, LA	$ 1,289.73	$ 10,096.94	$ 19,031.37	$ 993.89	$ 31,411.93
Southeast	2011	May 5-6	Charlotte, North Carolina		$ 181.87	$ 2,833.30	$ 1,629.03	$ 4,644.20
Southeast	2011	Oct 14-15	Key West, FL		$ 7,350.41	$ 14,803.46		$ 22,153.87
Southeast	2012	May 2-3	Atlanta, Georgia	$ 571.50	$ 7.81	$ 1,617.66	$ 924.14	$ 3,121.11
Southeast	2012	Sep 23-30	Savannah, Georgia	$ 2,777.95	$ 7,503.69	$ 5,766.25	$ 4,434.48	$ 20,482.37
Southeast	2013	Sep 13-15***	Biloxi, Mississippi		$ 3,839.51	$ 500.00	$ 200.00	$ 4,539.51
	Southeast Zone Totals			**$ 4,639.18**	**$ 38,001.98**	**$ 97,280.77**	**$ 18,961.53**	**$ 158,883.46**

Exhibit C

CONFIDENTIAL

NAIC Zone Meetings

Zone	Year	Dates	Location	Expenses: Ground Transportation	Airfare/ General*	Hotel**	Meals	Total
Midwest	2009	Aug 17-18	Kohler, Wisconsin		$ 2,562.45	$ 10,245.60		$ 12,808.05
Midwest	2010	Jun 14-15	Chicago, IL			$ 10,001.87		$ 10,001.87
Midwest	2011		*None Held*					$ -
Midwest	2012	Sep 19-21	Kansas City, MO	$ 1,514.68	$ 15,659.09	$ 5,728.10	$ 3,012.80	$ 25,914.67
Midwest	2013	None Held as of Sep 30, 2013						$ -
	Midwest Zone Totals			**$ 1,514.68**	**$ 18,221.54**	**$ 25,975.57**	**$ 3,012.80**	**$ 48,724.59**

Zone	Year	Dates	Location	Ground Transportation	Airfare/ General*	Hotel**	Meals	Total
Western	2009	Oct 16-18	Santé Fe, New Mexico	$ 932.72	$ 90.81	$ 29,761.97	$ 6,668.98	$ 37,454.48
Western	2010	Sep 17-19	White Fish, Montana		$ 2,813.10	$ 19,537.82	$ 7,792.02	$ 30,142.94
Western	2011	Sep 23-25	Welches, OR	$ 4,035.92	$ 37.08	$ 28,509.94		$ 32,582.94
Western	2012	Sep 27-30	San Antonio, TX	$ 877.00	$ 14,185.66	$ 33,961.91	$ 3,694.11	$ 52,718.68
Western	2013	None Held as of Sep 30, 2013						$ -
	Western Zone Totals			**$ 5,845.64**	**$ 17,126.65**	**$ 111,771.64**	**$ 18,155.11**	**$ 152,899.04**
	All Zones Totals			**$ 15,755.82**	**$ 118,708.43**	**$ 393,135.38**	**$ 44,542.29**	**$ 572,141.92**

* Airfare/General expenses include reimbursable items such as airfare, cab fare, bellman tips, hotel business center supplies or baggage fees.

** At some zone meetings, the hotel charge includes provided meals

** Partial expenses received as of September 30, 2013. Not all invoices or expenses reports have been submitted for payment.

NOTE: 2013 Expenses are through September 30, 2013

Exhibit C

EXHIBIT D

COMMISSIONERS' CONFERENCE AGENDAS

Exhibit D

National Association of Insurance Commissioners

Agenda: Updated 2/12/09
2009 NAIC Commissioners Conference
Coconut Point Hyatt Hotel
Bonita Springs, Florida
February 15 – 18, 2009

Notes:

- Meeting attire is business casual.
- The NAIC Executive Committee (committee members only, no proxies) should arrive on Saturday, February 14th, to begin meeting at 9:00 a.m. on Sunday, February 15th.
- All NAIC attendees and guests are invited to a reception and dinner beginning at 6:00 p.m. on Sunday, February 15th. The Commissioners Conference will officially begin Monday, February 16th, with breakfast beginning at 8:00 a.m.

SATURDAY, FEBRUARY 14, 2009

5:30 p.m. to 6:30 p.m.	Informal Reception in Commissioner Sevigny's Room
7:00 p.m.	Informal Dinner (Optional) *Location:* **Rookery Bay Suite (3rd Floor)**

SUNDAY, FEBRUARY 15, 2009

Executive Committee Meeting
Location: **Estero Ballroom "B & C" (Lobby Level)**
Invitees: Executive Committee members only (no proxies)

8:30 a.m. — 9:00 a.m.	Breakfast Buffet *Location:* **Estero Terrace & pre-function Area**
9:00 a.m. — 9:15 a.m.	Welcome Message
9:15 a.m. — 10:00 a.m.	**CEO/Board Dialogue** • D.C. Office Transition • Center for Insurance Policy and Research Implementation • Outreach Efforts (NAIC Members, Congress, Federal Regulators, Trades, Others) • D.C./KC/NY Coordination

10:00 a.m. — 10:30 a.m.	**Financial Analysis/Status of Insurance Industry**	**Attachment A**
10:30 a.m. — 1:30 p.m.	**Strategy Management Plan – Defining 2009 Strategies and Action Plans**	**Attachment B**
	• Regulatory Modernization	**Attachment C**
Noon — 1:00 p.m.	Working Lunch *(in meeting room)*	
1:30 p.m. — 2:30 p.m.	**Strategy Management Plan – Defining 2009 Strategies and Action Plans**	
	• National Meeting Issues	
	• Producer Licensing	**Attachment D**
	• Market Regulation Reforms	**Attachment E**
	• Health Insurance Reforms	**Attachment F**
	• Speed to Market Reforms	**Attachment G**
	• Solvency Modernization Initiative	**Attachment H**
2:30 p.m. — 3:00 p.m.	**Preparation for Commissioners Conference Strategy Discussions and Wrap-Up**	
3:00 p.m. — 3:30 p.m.	**Executive Committee Business**	
	• Review/Discuss 2009 Amended Charges	**Attachment I**
	• Review Proposed NAIC Bylaw Changes	**Attachment J**
	• Review Proposed SERFF Bylaw Changes	**Attachment K**
	• SVO Initiatives Working Group – NRSRO Proposal	**Attachment L**
3:30 p.m.	Adjourn Executive Committee	
6:00 p.m.	Welcome Reception and Dinner for All Attendees and Guests ***Location:*** **Waterfall Pool Deck**	

MONDAY, FEBRUARY 16, 2009

Commissioner Conference Begins
Location: **Estero Ballroom (Lobby Level)**
Invitees: All Commissioners, Directors & Superintendents and Senior Staff Members

8:30 a.m. — 9:00 a.m.	Breakfast Buffet ***Location:*** **Estero Terrace & Pre-function Area**	
9:00 a.m. — 9:15 a.m.	Welcome Message	

9:15 a.m. — 10:00 a.m.	**CEO/Membership Dialogue**	
10:00 a.m. — 11:00 a.m.	**Financial Analysis/Status of Insurance Industry**	**Attachment A**
11:00 a.m. — 11:30 a.m.	**Presentation of Consumer Perspectives** Bob Hunter, Consumer Federation of America	
11:30 a.m. — 12:30 p.m.	Lunch (***Location:*** **Estero Terrace)**	
12:30 p.m. — 4:00 p.m.	**Strategy Management Plan – 2009 Strategies and Action Plans**	**Attachment B**
	• Regulatory Modernization	**Attachment C**
4:00 p.m. — 5:00 p.m.	**Strategy Management Plan – 2009 Strategies and Action Plans**	
	• Producer Licensing	**Attachment D**
5:00 p.m.	Adjourn	
5:05 p.m.	Group Photo	
6:00 p.m.	Dinner for All Attendees ***Location:*** **Tarpon Bay Restaurant, *Hyatt Regency Coconut Point***	

TUESDAY, FEBRUARY 17, 2009

All members will have the opportunity to record state-specific tags for the NAIC's Long-Term Care Public Service Announcement (PSA) at no expense to the state. Also, members that have not already recorded a customized tag for the Disaster Preparedness PSA (taped last year) will have an opportunity to tape this customized tag. Taping should take approximately 15 minutes and business attire is recommended. If you haven't already confirmed a time, please see Scott Holeman.

8:00 a.m. – 8:30 a.m.	Breakfast Buffet ***Location:*** **Estero Terrace and Pre-function Area**	
8:30 a.m. — 11:00 a.m.	**Strategy Management Plan – 2009 Strategies and Action Plans**	
	• SVO Initiatives Working Group – NRSRO Proposal	**Attachment L**
	• Market Regulation Reforms	**Attachment E**
	• Health Insurance Reforms	**Attachment F**
	• Speed to Market Reforms	**Attachment G**

Exhibit D

11:00 a.m. — Noon	**2009 Regulatory Priorities** • Company Name Redacted • GRLC Update – State/Federal Legislative Issues	**Attachment M**
Noon — 1:00 p.m.	Working Lunch ***Location:*** **Estero Terrace**	
Noon — 2:30 p.m.	**Messaging Discussion with Edelman** Neil Fleiger, Chairman, Global Public Affairs	
2:30 p.m. — 4:00 p.m.	**2009 Regulatory Priorities** • Reinsurance Modernization – Implementation of Proposal • Solvency Modernization Initiative • Principles Based Reserving • IRLG Update – International Issues • Indexed Annuities • Regulatory Modernization *(if needed)*	**Attachment O** **Attachment H** **Attachment P** **Attachment N** **Attachment Q**
4:00 p.m.	Adjourn	
5:45 p.m. & 6:00 p.m.	Boats Depart for Dinner for All Attendees ***Location:*** **Big Hickory Island** ***(boats depart Marina at 5:45 p.m. and 6:00 p.m.)***	

WEDNESDAY, FEBRUARY 18, 2009

8:00 a.m.	Breakfast is Available ***Location:*** **Estero Terrace**	
8:30 a.m. — 11:00 a.m.	**NAIC Operational Priorities** • Proposed NAIC Bylaw Changes • Proposed SERFF Bylaw Changes • D.C. Office – Center for Insurance Policy and Research • Any Other NAIC Business	**Attachment J** **Attachment K**
11:00 a.m. — 11:30 a.m.	**Wrap-Up**	
11:30 a.m.	Conference Adjourns	

Exhibit D

National Association of Insurance Commissioners

2010 NAIC Commissioners Conference
Coconut Point Hyatt Hotel
Bonita Springs, Florida
February 5 – 8, 2010

Notes:
- Meeting attire is business casual.
- All NAIC attendees and guests are invited to a reception and dinner beginning at 6:00 p.m. on Friday, February 5th. The Commissioners Conference will officially begin Saturday, February 6th, with breakfast beginning at 8:00 a.m.

FRIDAY, FEBRUARY 5, 2010

6:00 p.m.	Welcome Reception and Dinner for All Attendees and Guests *Location:* **Waterfall Pool Deck**

SATURDAY, FEBRUARY 6, 2010

Commissioner Conference Begins
Location: **Estero Ballroom**
Invitees: All Commissioners, Directors & Superintendents and Senior Staff Members

8:30 a.m. — 9:00 a.m.	Breakfast Buffet *Location:* **Estero Ballroom Foyer and Terrace**	
9:00 a.m. — 9:15 a.m.	Welcome Message • Presentation of NAIC Value of Services Report	
9:15 a.m. — 11:30 a.m.	**Discussion of Key Initiatives for 2010** • Presentation of Congressional Agenda and Legislative Landscape for 2010 • International Strategy Planning and International Impact on State-Based Regulation • Solvency Modernization Initiative • Regulatory Modernization	 **Attachment A** **Attachment B** **Attachment C** **Attachment D**

11:30 a.m. — 12:30 p.m.	Lunch *(in meeting room)* (Keynote speaker – Invite extended to Pat Baird, Aegon for Discussion of International Issues and Global U.S. Based Company Perspective)	
12:30 p.m. — 4:00 p.m.	**Discussion of Key Initiatives for 2010** • Regulatory Modernization	
4:00 p.m.	Adjourn	
4:05 p.m.	Group Photo ***Location:*** **TBD**	
6:00 p.m.	Dinner for All Attendees ***Location:*** **Tarpon Bay Restaurant**	

SUNDAY, FEBRUARY 7, 2010

8:00 a.m. — 8:30 a.m.	Breakfast Buffet ***Location:*** **Estero Ballroom Foyer and Terrace**	
8:30 a.m. — 11:30 a.m.	**Discussion of Key Initiatives for 2010** • Health Insurance Reforms	**Attachment E**
11:30 a.m. — 12:30 p.m.	Lunch ***Location:*** **Estero Terrace**	
12:30 p.m. — 1:30 p.m.	**Company Name Redacted**	
1:30 p.m. — 4:00 p.m.	**Discussion of Key Initiatives for 2010** • Risk Assessment Examination Plans – Review by NAIC • Market Regulation Reforms • Producer Licensing Reforms • Speed to Market Reforms • IIPRC Strategy • Update on SVO Operational Considerations • 151A/Suitability Model Strategy • Climate Change Survey	 **Attachment F** **Attachment G** **Attachment H** **Attachment I** **Attachment J** **Attachment K** **Attachment L**
4:00 p.m.	Adjourn	
6:00 p.m.	Dinner for All Attendees **Super Bowl – available via TV monitors** ***(Calusa Ballroom F, G and H)***	

Exhibit D

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For NAIC Members Only

MONDAY, FEBRUARY 8, 2010

8:00 a.m.	Breakfast is Available *Location:* **Estero Ballroom Foyer and Terrace**
8:30 a.m. — 9:00 a.m.	**Company Name Redacted**
9:00 a.m. — 11:00 a.m.	**Standing Committees – Key Initiatives for 2010** • Overview of NAIC Committee Assignment Process • Brief reports from Committee Chairs – Plans for Completing Priority Charges **Attachment M**
11:00 a.m. — 11:30 a.m.	**Unfinished Business and Wrap-Up**
11:30 a.m.	Conference Adjourns (Box Lunches Available)

Exhibit D
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For NAIC Members Only
As of 1/31/11

National Association of Insurance Commissioners

NAIC Commissioners Conference Agenda

February 4-6, 2011

FRIDAY, FEBRUARY 4, 2011

6:00 p.m.—6:45 p.m.	**Welcome Reception - Main Pool**
6:45 p.m.—8:00 p.m.	**Dinner - Indian Wells J/K**
8:00 p.m.—9:00 p.m.	**Desserts & "Insurnament Challenge" – Indian Wells L/M**

SATURDAY, FEBRUARY 5, 2011

Invitees: All Commissioners, Directors, Superintendents, Administrators and Senior Staff

7:45 a.m.—8:30 a.m.	**Breakfast Buffet** *Location:* Fairway Terrace/Desert Vista Foyer	
8:30 a.m.—8:45 a.m.	**Welcome – NAIC President, Commissioner Susan Voss** *Location*: Desert Vista Ballroom	
8:45 a.m.—10:30 a.m.	**State of the Association** • Building on our Accomplishments of 2010 as We Move Forward in 2011 • Regulatory and Legislative Initiatives for 2011	**Attachment A**
10:30 a.m.—11:30 a.m.	**Roundtable/Group Discussion Issues** • Producer Licensing & NARAB • Market Regulation • Regulatory Modernization	**Attachment B**
11:30 p.m.—11:45 p.m.	**Group Photo – Business Attire - Fairway Terrace**	
12:00 p.m.—1:00 p.m.	**Lunch - Indian Wells L/M** **Guest Speaker – Professor Brenda Cude** **NAIC Consumer Funded Representative**	**Attachment C**
1:30 p.m.—3:30 p.m.	**Roundtable/Group Discussion Issues (continued)**	
3:30 p.m.	**Adjourn**	
6:00 p.m.	**Dinner – "TOP CHEF" Competition** *Location:* Indian Wells L/M	

Please note: Individual Commissioner Public Service Announcement (PSA) tapings will run throughout the day. Communications will notify your appointment time. (Hibiscus Room A/B-Business attire)

National Association of Insurance Commissioners

Exhibit D
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As of 1/31/11

SUNDAY, FEBRUARY 6, 2011

7:30 a.m.—8:00 a.m.	**Breakfast Buffet** *Location:* Fairway Terrace/Desert Vista	
8:00 a.m.—8:30 a.m.	**Member Services/New Member Briefing** *Location:* Desert Vista Ballroom	**Attachment D**
8:30 a.m.—9:00 a.m.	**NAIC Perspective: Federal Update**	
9:00 a.m.—10:30 a.m.	**Federal & State Political Outlook** – Keynote Speaker – Charlie Cook Publisher of the *Cook Political Report* and Columnist for the *National Journal*	**Attachment E**
10:45 a.m.—Noon	**State Insurance Commissioner Panel Discussion** –"Things I Wish I Knew When I First Became an Insurance Commissioner" *Location:* Indian Wells I-K	
Noon—1:00 p.m.	**Lunch** *Location*: Indian Wells I-K	
1:15 p.m.—2:30 p.m.	**NAIC Zone Meetings** ***Northeastern Zone** – Desert Vista Ballroom* ***Southeastern Zone** – Ocotillo (Across from Ballroom)* ***Midwestern Zone** – Nopales (Across from Ballroom)* ***Western Zone** – Hibiscus Room (Main Building, 2nd Flr)*	
2:30 p.m.	**Adjourn**	
3:00 p.m.	**Reception and Dinner for All Attendees & Guests** Super Bowl – available via TV monitors **Kickoff Time - 3:20 p.m. PST** *Location*: Indian Wells L/M	

Exhibit D

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For NAIC Members Only

2012 Commissioners Conference Agenda

February 3-6

Fontainebleau Hotel
Miami Beach, Florida

Friday, February 3, 2012

6:30 pm	**Commissioners Dinner** *(Informal)* For Commissioners arriving early, a dinner reservation will be held at Gotham Steakhouse. Please meet at the restaurant (in the hotel) at 6:30 p.m. Please RSVP to Diane Cranshaw at dcranshaw@naic.org if you plan to attend. *(Dress is casual)*	*Gotham Steakhouse* Fontainebleau Hotel

Exhibit D

For Regulator and Confidential
For NAIC Members Only

2012 Commissioners Conference Agenda

Invitees: All Commissioners, Directors, Superintendents, Administrators and Senior Staff

Saturday, February 4, 2012

Morning	Open Schedule/Free Time	*Breakfast Options* *Fontainebleau Hotel* ***Solo Coffee &Pastries*** ***Vida Restaurant*** Lobby Level
11:00 am	**Lunch Served**	**Fleur De Lis Room** Lobby Level
11:10 am – 11:15 am	**Luncheon Welcome Address –** The Honorable Kevin McCarty, Commissioner Florida	**Fontaine Room** Lobby Level
11:15 am – 12:30 pm	**Luncheon Keynote Speaker** Michael S. Barr Professor of Law, University of Michigan Law School and Senior Fellow at the Center for American Progress and the Brookings Institution Former U.S. Department of the Treasury's Assistant Secretary for Financial Institutions	
12:30 pm – 1:30 pm	**Strengthening the U.S. Global Position** Evan Greenberg, Chairman ACE Limited	
1:30 pm – 1:45 pm	**BREAK**	
1:45 pm – 2:15 pm	**Briefing Federal Insurance Office –** **2012 FIO Report**	
2:15 pm – 3:00 pm	2012 Key Regulatory Initiative NAIC Partnership with FIO	
3:00 pm – 3:15 pm	**BREAK**	

Exhibit D

Privileged and Confidential
For NAIC Regulator Only

NAIC
National Association of Insurance Commissioners

2012 Commissioners Conference Agenda

Invitees: All Commissioners, Directors, Superintendents, Administrators and Senior Staff

Saturday, February 4, 2012

(continued)

3:15 pm – 4:15 pm	**Strengthening Our National System of State-Based Insurance Regulation: Perspectives of Former Commissioners** Ann Frohman, Esq., Senior VP, Government & Industry, Physicians Mutual Mary Jo Hudson, Esq., Bailey Cavalieri, LLC Tom Sullivan, Advisory Partner PricewaterhouseCoopers, LLP	Fontaine Room Lobby Level
4:15 pm – 4:30 pm	BREAK	
4:30 pm – 5:30 pm	2012 Key Regulatory Initiative Group Supervision (ORSA, Supervisory Colleges and implementation of the Model Holding Company Act & Model Holding Company)	
6:30 pm	**Welcome Reception**	La Cote Lawn
7:00 pm	**Dinner** *(All Attendees & Guests are welcome to attend)* *(Dress is casual)*	

Exhibit D

NAIC
National Association of Insurance Commissioners

Privileged and Confidential
For NAIC Members Only

2012 Commissioners Conference Agenda

Invitees: All Commissioners, Directors, Superintendents, Administrators and Senior Staff

Sunday, February 5, 2012

8:00 am – 9:00 am	**Breakfast Buffet**	*Fleur De Lis Room* Lobby Level
9:00 am – 9:45 am	**Consumer Advocate Speaker** Robert Hunter, Director of Insurance, Consumer Federation of America (CFA) and Travis Plunkett, Legislative Director, CFA	*Fontaine Room* Lobby Level
9:45 am – 10:45 am	2012 Key Regulatory Initiative NAIC Accreditation Program	
10:45 am – 11:00 am	**BREAK**	
11:00 am – 12:00 pm	**Strengthening Our National System of State-Based Insurance Regulation: A CEO's Perspective** Ted Mathas, CEO New York Life	
12:00 pm – 12:15 am	**Group Photo** – Business Attire	*Location – TBD*
12:15pm	Lunch Served	*Fleur De Lis Room* Lobby Level
12:15 pm – 2:00 pm	**Luncheon Keynote Speaker** Stuart Rothenberg, Editor and Publisher of *The Rothenberg Political Report* and Columnist for *Roll Call*	*Fontaine Room* Lobby Level
2:00 pm – 2:15 pm	**BREAK**	
2:15 pm – 3:00 pm	2012 Key Regulatory Initiative Market Regulation	
3:00 pm – 3:45 pm	2012 Key Regulatory Initiative Producer Licensing and NARAB II	

Exhibit D

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For NAIC Members Only

2012 Commissioners Conference
Agenda

Invitees: All Commissioners, Directors, Superintendents, Administrators and Senior Staff

Sunday, February 5, 2012
(continued)

3:45 pm – 4:45 pm	NAIC Zone Meetings ▪Northeast Zone ▪Southeast Zone ▪Midwest Zone ▪Western Zone	*Reflect Room* *Fontaine Room* *Plunge Boardroom* *Splash 13 Room*
5:30 pm	**Reception and Dinner** *(All Attendees and Guests are welcome to attend. Dress is casual)* 6:25 PM Eastern – anticipated kick-off time Super Bowl–available via TV monitors	*Glimmer 5 and Terrace*

Monday, February 6, 2012

8:00 am – 9:00 am	**Breakfast Buffet**	*Fleur De Lis Room* Lobby Level
9:00 am – 10:00 am	2012 Key Regulatory Initiative Actuarial Guideline 38 Principles-Based Reserving	*Fontaine Room* Lobby Level
10:00 am – 10:45 am	**Committee Chair Reports**	
10:45 am – 11:15 pm	**Wrap-Up**	
11:15 am	**Adjourn / Departures – Boxed Lunches Available**	

Exhibit D

National Association of Insurance Commissioners

2013 NAIC Commissioners Conference

February 1-4, 2013

Marriott Frenchman's Reef & Morning Star Hotel
St. Thomas, Virgin Islands

Agenda

FRIDAY, FEBRUARY 1, 2013

6:00 p.m. **Commissioner Conference Welcome Reception and Dinner**

Location: Main Pool Deck
Invitees: All Commissioner Conference Attendees and Guests

SATURDAY, FEBRUARY 2, 2013

Commissioners Conference

Location: Grand Harbour Ballroom III/IV
Invitees: All Commissioners, Directors, Superintendents and Senior Staff

7:45 a.m. **Breakfast Buffet** [Grand Harbour Ballroom II]

8:30 a.m. **Welcome and Opening Remarks**

- Commissioner Jim Donelon, NAIC President
- Senator Ben Nelson, NAIC CEO

9:00 a.m. **Federal Issues/Relationships** Attachment A

- Commissioner Jim Donelon
- Senator Ben Nelson
- Ethan Sonnichsen, NAIC Director, Government Relations

Exhibit D

2013 NAIC Commissioners Conference
Agenda

SATURDAY, FEBRUARY 2, 2013 (continued)

Commissioners Conference

Location: Grand Harbour Ballroom III/IV

10:30 a.m. Commissioners Roundtable – NAIC 2013 Key Initiatives

- Financial Solvency (Domestic) Handout 1A-D
  - Principle-Based Reserving (PBR)
    - Commissioner Julie Mix McPeak
  - Life Insurer-Owned Captives - Superintendent Joe Torti
  - Group Supervision - Commissioners Mike Consedine and Director John Huff
  - Credit for Reinsurance - Commissioner Mike Consedine

- International Insurance Activities - Handout 2
  - Commissioner Thomas B. Leonardi

12:00 p.m. Lunch and Guest Speaker – 2013 Political Outlook

- Charlie Cook, Political Analyst

1:30 p.m. Commissioners Roundtable – NAIC 2013 Key Initiatives

- Unfair Life Insurance and Annuity Claim Settlement Practices Commissioner Kevin McCarty

Exhibit D

2013 NAIC Commissioners Conference
Agenda

SATURDAY, FEBRUARY 2, 2013 (continued)

Commissioners Conference

Location: Grand Harbour Ballroom III/IV

2:30 p.m. **Life Insurance Executive Panel**
Topics: Global Marketplace; PBR Implementation; Life Insurer-Owned Captives; Unfair Life Insurance Annuity Claim Settlement Practices

- Commissioner Julie Mix McPeak, Moderator

- Dennis R. Glass, President & CEO, Lincoln Financial Group
- Mark B. Grier, Vice Chairman, Prudential Financial
- Johnny Johns, Chairman, President & CEO, Protective Life Corp.
- Peter R. Schaefer, CEO & President, Hannover Life Reassurance

4:30 p.m. **NAIC Zone Meetings**

Northeast Zone	[Island Room I]
Southeast Zone	[Presidential Suite]
Midwest Zone	[Harbour Ballroom III & IV]
Western Zone	[Island Room IV]

5:20 p.m. **Commissioner Dinner**

Location: St. Peter Great House
Invitees: All Commissioner Conference Attendees and Guests

Meet in the hotel lobby at 5:20 for short shuttle ride to restaurant.

Exhibit D

2013 NAIC Commissioners Conference
Agenda

SUNDAY, FEBRUARY 3, 2013

Commissioners Conference

Location: Grand Harbour Ballroom III & IV

7:45 a.m. **Breakfast Buffet** [Grand Harbour Ballroom II]

8:30 a.m. **Commissioners Roundtable – NAIC 2013 Key Initiatives**

- PPACA Implementation/Regulatory Alternatives Handout 3
  - Commissioner Sandy Praeger
- Natural Disasters - Commissioner Jim Donelon Handout 4
  - Named Storm Deductibles/State-Coordinated Data Collection

12:00 p.m. **Lunch and Guest Speaker**

- Peter Kochenburger, Executive Director Insurance Law Center
  University of Connecticut School of Law
  NAIC Funded Consumer Representative

1:30 p.m. **Property & Casualty Insurance**

- James Clay, Chairman & Westfield Group Leader, CEO
  Westfield Insurance and Westfield Bank
- Robert P. Hartwig, Ph.D., CPCU President & Economist
  Insurance Information Institute
- James Sadler, CPCU, AIC, Director of Claims, National Flood
  Insurance Program, Federal Insurance & Mitigation Administration,
  DHS/FEMA

4:00 p.m. **Adjourn**

Exhibit D

2013 NAIC Commissioners Conference
Agenda

SUNDAY, FEBRUARY 3, 2013 (continued)

Commissioners Conference

Location: Grand Harbour Ballroom III & IV

6:30 p.m. **Commissioner Reception and Dinner**

Location: **Grand Harbour Ballroom I**

Invitees: **All Commissioner Conference Attendees and Guests**

Super Bowl - available via TV monitors

Kickoff Time - 7:30 p.m. Atlantic Time

MONDAY, FEBRUARY 4, 2013

Location: Grand Harbour Ballroom III & IV

Invitees: All Commissioners, Directors, Superintendents, and Senior Staff

7:45 a.m. **Breakfast Buffet** [Grand Harbour Ballroom II]

9:00 a.m. **Commissioners Roundtable — NAIC 2013 Key Initiatives**

- Market Regulation - Commissioner Sharon Clark Handout 5
- Accreditation - Commissioner Eleanor Kitzman Handout 6
- NAIC Governance - Commissioner Jim Donelon
- Other Matters

11:30 a.m. **Adjournment**

Box lunches available [Grand Harbour Ballroom Foyer]

EXHIBIT E

COMMISSIONERS' CONFERENCE EXPENSES

CONFIDENTIAL

Commissioners Conference

Year	Dates	Location	Expenses: Ground Transport	Airfare/ General *	Personal Auto	Hotel	Meals	Total
2009	Feb 15 - 18	Bonita Springs, FL	$ 26,556.30	$ 80,388.75	$ 2,500.16	$ 118,367.26	$ 119,669.56	$ 347,482.03
2010	Feb 5 - 8	Bonita Springs, FL	$ 12,205.23	$ 123,045.25	$ 2,612.20	$ 96,846.00	$ 127,942.93	$ 362,651.61
2011	Feb 4 - 7	Indian Wells, CA	$ 11,488.45	$ 104,004.13	$ 3,544.18	$ 68,217.96	$ 124,612.96	$ 311,867.68
2012	Feb 3 - 6	Miami, FL	$ 21,139.94	$ 132,207.48	$ 4,193.69	$ 106,731.88	$ 156,363.99	$ 420,636.98
2013	Feb 1 - 4	St. Thomas, VI	$ 17,842.72	$ 140,447.65	$ 2,491.65	$ 94,897.10	$ 124,653.62	$ 380,332.74
		Totals	**$ 89,232.64**	**$ 580,093.26**	**$ 15,341.88**	**$ 485,060.20**	**$ 653,243.06**	**$ 1,822,971.04**

** Airfare/General expenses include reimbursable items such as airfare, cab fare, bellman tips, hotel business center supplies or baggage fees.

NOTE: 2013 Expenses are through August 31, 2013

Exhibit E

EXHIBIT F

D.C. FLY-IN AGENDAS

Exhibit F

National Association of Insurance Commissioners

NAIC Commissioner Fly-In
Washington D.C.
May 19-21, 2009

PROGRAM

Tuesday, May 19

3:00 p.m. All attendees should plan to arrive/check-in Tuesday anytime after 3:00pm.

7:00 p.m. An *optional* regulator dinner reservation has been made at the Hotel George *Bistro Bis* restaurant for 7:00 pm.

Wednesday, May 20

(Shuttle transportation from your Hotel to Library of Congress will arrive between 8:00am and 8:15am)

Location: U.S. Library of Congress
Room: Members of Congress Room
Address: Independence Avenue & East Capitol Streets – Washington, DC
(NOTE: You will need to bring a Picture Id in enter the Library of Congress)

8:30 a.m. – 9:00 a.m.	The Honorable Earl Pomeroy – 111th U.S. Congress viewpoint Continental Breakfast served
9:00 a.m.	The Honorable Barney Frank – Financial Service Committee Chairman's perspective on regulatory reform
9:45 a.m.	Edelman – update on political climate and messaging
10:15 a.m.	NAIC Washington staff – briefing on meetings, talking points, and NAIC positions
11:00 a.m.	The Honorable Kathleen Sebelius – Secretary of Health and Human Services Department – Health reform perspective
11:30 a.m	Working Lunch – continue discussion as needed
12:30 p.m.	Group photo inside the Library of Congress – optional individual photos outside in front of the U.S. Capitol for your use

Location: Capitol Hill
(Please note that you will be walking to and from meetings and we are expecting rain)

1:00 p.m. – 5:00 p.m. Commissioners' Congressional representative meetings

Location: Hart Senate Office Building – Room 902

5:00pm – 7:00pm U.S. Senate Reception – "Meet the Regulators"

(Shuttle transportation will be provided from Senate Russell Building to DC Coast restaurant)

7:30pm An *optional* regulator dinner reservation has been made at the *DC Coast* restaurant for 7:30 pm.

(Shuttle transportation will be provided from DC Coast restaurant to your hotel)

Thursday, May 21

Location: Capitol Hill

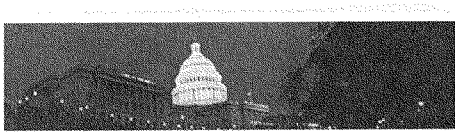
8:00 p.m. – 11:30 a.m. Continue Commissioner Congressional representative meetings

Location: Hall of States
Room: NAIC Executive Office Conference Room 231

11:30 a.m. – 12:30 p.m. Commissioner Debrief with NAIC Washington office staff
Lunch Served

12:30 p.m. Adjourn

Exhibit F



NAIC'S 2010 WASHINGTON, D.C. FLY-IN
May 19-20
Program

Tuesday, May 18

4:00 p.m. — All attendees may check-in at the Washington Court Hotel any time after 4:00 p.m.

525 New Jersey Avenue NW
Washington, DC 20001
(202) 628-2100
http://www.washingtoncourthotel.com

7:00 p.m. — Dinner at 1789 Restaurant

1226 36th Street NW
Washington, DC 20007
(202) 965-1789
http://www.1789restaurant.com

***Jackets are required.*
***Shuttle transportation will be provided from the hotel to the restaurant starting at 6:45, and from the restaurant back to the hotel after the meal is complete.*

Wednesday, May 19

8:00 a.m. – 12:30 p.m. — Commissioner Workshop at the Library of Congress
***Please note that visitors to the LoC will be required to present picture identification.*
***Shuttle transportation will be provided from the hotel to the Library of Congress starting at 7:45.*

- 8:00-9:30: Breakfast & NAIC Staff Briefing

- 9:30-9:45: The Honorable Earl Pomeroy (D-ND-AL)
  Welcome and 111th Congress Update

- 10:00-10:30: Ms. Meg Lundsager,
  U.S. Executive Director of the International Monetary Fund
  Update on the Financial Sector Assessment Program (FSAP)

- 10:30-11:30 Discussion on Health Care Reform Implementation and Medical Loss Ratios

- 11:30-12:00 The Honorable Michael S. Barr,
  Assistant Secretary of the Treasury for U.S. Financial Institutions
  Update on U.S. Treasury Activities

- 12:00-12:30 Lunch & Pictures at the Library of Congress

  ***Shuttle transportation back to the hotel will be available at 12:30 for those Commissioners who are not proceeding immediately to Hill meetings.*

12:30 p.m. – 5:30 p.m. Meetings with Congressional Delegations
***Please see your personal itinerary for your meeting schedule.*
***Regulators will walk / cab to and from meetings.*

5:30 p.m. – 7:00 p.m. Capitol Hill Reception

Capitol Visitors' Center
Senate Room 208/209

***Shuttle transportation from the hotel to the CVC reception will be available at 5:15 p.m.*
***Please note that visitors to the CVC will be required to present picture identification.*
***Regulators should plan to enter the at the First Street Entrance*

7:30 p.m. Dinner at Restaurant Nora

2132 Florida Avenue NW
Washington, DC 20008
(202) 462-5143

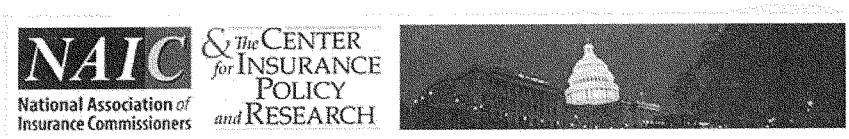
***Shuttles will be provided from the CVC to the restaurant, and then back to the Washington Court Hotel following dinner.*

Exhibit F

Thursday, May 20

8:30 a.m. – 12:00 p.m.	Meetings with Congressional Delegations ***Please see your personal itinerary for your meeting schedule.* ***Regulators will walk / cab to and from meetings.*
Throughout the Day	Departures to Airport ***Notices of individual transportation departure times will be provided to Commissioners at the Washington Court Hotel.*

Exhibit F



NAIC'S 2011 WASHINGTON, D.C. FLY-IN
May 24-26
Program

Tuesday, May 24

3:00 p.m. — All attendees may check-in at the Madison Hotel any time after 3:00 p.m.

1177 15th Street NW
Washington, DC 20005
(202) 862-1600
www.madisonhoteldc.com

7:00 p.m. — Dinner at Oyamel

401 7th Street NW
Washington, DC 20004
(202) 628-1005
www.oyamel.com

***Shuttle transportation will be provided from the hotel to the restaurant starting at 6:30, and from the restaurant back to the hotel after the meal is complete.*

Wednesday, May 25

7:45 a.m. – 12:30 p.m. — Commissioner Workshop at the Library of Congress

***Please note that visitors to the LoC will be required to present picture identification.*
***Shuttle transportation will be provided from the hotel to the Library of Congress starting at 7:30.*

- 7:45-8:30: Breakfast
- 8:30-9:00: Meeting with Nancy Ann DeParle and Steve Larsen on Health Care

- 9:00-9:30 The Honorable Spencer Bachus (R-AL)
  Welcome and House Financial Services Committee Update
- 9:45-10:15: The Honorable Ben Nelson (D-NE)
  Remarks on Heatlh Care Reform Implementation
- 10:30-11:00 The Honorable Neal S. Wolin, Deputy Treasury Secretary
- 11:15-11:45 NAIC Staff Briefing
- 11:45-12:30 Lunch & Pictures at the Library of Congress

12:30 p.m. – 5:30 p.m. Meetings with Congressional Delegations
***Please see your personal itinerary for your meeting schedule.*
***Regulators will walk / cab to and from meetings.*

7:00 p.m. Dinner at Prime Rib

2020 K Street NW
Washington, D.C. 20036
(202) 466-8811
www.theprimerib.com/dc/index.html

**Jackets are Required*
***Shuttles will be provided from the hotel to the restaurant beginning at 6:30pm, and then back to the hotel following dinner.*

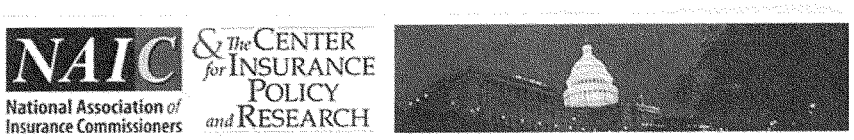
Thursday, May 26

9:00 a.m. – 11:00 a.m. Meetings with Congressional Delegations
***Please see your personal itinerary for your meeting schedule.*
***Regulators will walk / cab to and from meetings.*

11:30 a.m. – 1:00 p.m. Lunch Provided at NAIC DC Offices

Throughout the Day Departures to Airport
***Notices of individual transportation departure times will be provided to Commissioners at the Madison Hotel.*

Exhibit F



NAIC'S 2012 WASHINGTON, D.C. FLY-IN
April 24-26
Program

NAIC DC OFFICE
444 North Capitol St. NW
Suite 701
Washington, DC 20001

Tuesday, April 24

3:00 p.m.	All attendees may check in at the Westin Georgetown Hotel any time after 3:00 p.m. 2350 M St. NW Washington, DC 20005 (202) 429-0100
7:00 p.m.	Dinner at Morton's Steakhouse 1050 Connecticut Ave. Washington, DC 20036 (202) 955-5997 ***Shuttle transportation will be provided from the hotel to the restaurant starting at 6:30 p.m. and from the restaurant back to the hotel after the meal is complete. If you prefer, it is an 8 block walk.*

Exhibit F

Wednesday, April 25

8:30 a.m. – 12:00 p.m. Commissioner Workshop
Library of Congress Jefferson Building - Members of Congress Room
***Please note that visitors to the LOC will be required to present picture identification and proceed through a metal detector.*
***Shuttle transportation will be provided from the hotel to the LOC starting at 7:45 a.m.*
***You will be walking quite a bit today and going in and out of security checkpoints, so please dress accordingly (comfortable shoes, minimal bags and metal jewelry).*

- 8:30 a.m. – 9:00 a.m.: Breakfast available
- 9:00 a.m. – 9:30 a.m.: The Honorable Judy Biggert (R-IL)
  Chairman, House Financial Services Subcommittee on Insurance, Housing and Community Opportunity
  House Financial Services Committee Update
- 9:30 a.m. – 10:00 a.m.: Edmund Haislmaier
  Senior Research Fellow, Health Policy Studies, Heritage Foundation
  Remarks regarding PPACA and the Supreme Court case
- 10:00 a.m. – 10:15 a.m.: Break
- 10:15 a.m. – 10:30 a.m.: NAIC staff briefing regarding Fly-In logistics
- 10:30 a.m. – 11:00 a.m.: The Honorable Neal S. Wolin, Deputy Treasury Secretary
  Remarks on Dodd-Frank and FIO
- 11:00 a.m. – 11:30 a.m.: NAIC staff briefing regarding Congressional visits
- 11:30 a.m. – 12:00 p.m.: The Honorable Kathleen Sebelius, HHS Secretary
  Remarks regarding PPACA Implementation

11:30 a.m. – 1:00 p.m.: Lunch available
Library of Congress

12:00 p.m. – 1:30 p.m.: Pictures available outside the Library of Congress
***Shuttle transportation will be provided back to the Westin Georgetown Hotel or the NAIC DC Office for those Commissioners desiring it.*

12:30 p.m. – 5:30 p.m.	Meetings with Congressional Delegation ***Please see your personal itinerary for your meeting schedule.* ***Regulators will walk/cab to and from meetings.*
7:30 p.m.	Dinner at Fiola 601 Pennsylvania Ave. NW #125N Washington, DC 20004 ***Shuttle transportation will be provided from the hotel to the restaurant starting at 7:00 p.m. and from the restaurant back to the hotel after the meal is complete.*

Thursday, April 26

9:00 a.m. – 2:00 p.m.	Meetings with Congressional Delegations ***Please see your personal itinerary for your meeting schedule.* ***Regulators will walk/cab to and from meetings.* ***Shuttle transportation will be provided from the Westin Georgetown Hotel to the NAIC DC Office beginning at 7:45 a.m.*
9:00 a.m. – 2:00 p.m.	NAIC F Committee Meeting NAIC DC Office ***Shuttle transportation will be provided from the Westin Georgetown Hotel to the NAIC DC office beginning at 7:45 a.m.*
11:30 a.m. – 1:30 p.m.	Box Lunches Provided at NAIC DC Office
Throughout the Day	Departures to Airport ***Notices of individual transportation departure notices will be provided to all attendees at the Library of Congress on Wednesday, April 25th. Please notify NAIC Meetings Staff if you will be departing from the Westin Georgetown or the NAIC DC Office. Luggage storage will be available at the NAIC DC Office.*

Exhibit F

NAIC WASHINGTON, D.C. COMMISSIONER FLY-IN
May 15-17, 2013
Program

NAIC DC OFFICE
444 North Capitol St. NW, Suite 701
Washington, DC 20001

Wednesday, May 15

3:00 p.m. — All attendees may check in at the Capital Hilton any time after 3:00 p.m.

1001 16th Street NW, Washington, DC 20036
(202) 393-1000

7:00 p.m. — Dinner at Bobby Van's Grill
1201 New York Ave., NW
Washington, DC 20005
(202) 589-1504

***Shuttle transportation will be provided from the hotel to the restaurant starting at **6:15 p.m.** and from the restaurant back to the hotel after the meal is complete. If you prefer, it is an 8 block walk.*

Thursday, May 16

8:30 a.m. – 11:30 a.m. Commissioner Workshop
U.S. Capitol Visitor Center (CVC)
Room SVC 212-10
Shuttle transportation will be provided from the hotel to the CVC starting at **7:30 a.m.
***Please note that visitors to the CVC will be required to proceed through a metal detector.*
***You will be walking quite a bit today and going in and out of security checkpoints, so please dress accordingly (comfortable shoes, minimal bags and metal jewelry).*

- 8:30 a.m. – 9:00 a.m.: Breakfast available
- 9:00 a.m. – 9:30 a.m.: The Honorable Kathleen Sebelius, Secretary, U.S. Department of Health and Human Services
  Remarks regarding ACA Implementation
- 9:30 a.m. – 9:45 a.m.: NAIC staff briefing regarding Fly-In logistics
- 9:45 a.m. – 10:00 a.m.: Break
- 10:00 a.m. – 10:45 a.m.: The Honorable Daniel K. Tarullo, Governor, Board of Governors of the Federal Reserve System
  Remarks on the Federal Reserve's financial regulatory reform implementation
- 10:45 a.m. – 11:00 a.m.: NAIC staff briefing regarding Congressional visits
- 11:00 a.m. – 11:30 a.m.: The Honorable Randy Neugebauer, Chairman, House Financial Services Subcommittee on Housing and Insurance
  House Financial Services Committee Update

11:30 a.m. – 1:00 p.m.: Lunch available
Capitol Visitor Center

12:00 p.m. – 1:30 p.m.:	Pictures available outside the Capitol Visitor Center by the Senate steps ***Shuttle transportation will be provided back to the Capital Hilton or the NAIC DC Office for those desiring it. Departures will begin at **12:45 p.m.***
12:30 p.m. – 5:30 p.m.:	Meetings with Congressional Delegations ***Please see your personal itinerary for your meeting schedule.* ***Regulators will walk/cab to and from meetings.*

7:30 p.m.	Dinner at Charlie Palmer 9th Floor Rotunda and Balcony 101 Constitution Ave., NW Washington, DC 20001 (202) 557-8100 ***Shuttle transportation will be provided from the hotel to the restaurant starting at **7:00 p.m.** and from the restaurant back to the hotel after the meal is complete.*

Friday, May 17

9:00 a.m. – 2:00 p.m.	Meetings with Congressional Delegations ***Please see your personal itinerary for your meeting schedule.* ***Regulators will walk/cab to and from meetings.* ***Shuttle transportation will be provided from the Capital Hilton to the NAIC DC Office beginning at **7:30 a.m.***
11:30 a.m. – 1:30 p.m.	Box Lunches Provided at NAIC DC Office 444 North Capitol St. NW, Suite 701 Washington, DC 20001
Throughout the Day	Departures to Airport ***Individual transportation departure notices will be provided to all attendees at the Capitol Visitor Center on Thursday, May 16th. **Please notify NAIC Meetings Staff if you will be departing from the Capital Hilton or the NAIC DC Office.** Luggage storage will be available at the NAIC DC Office.*

EXHIBIT G

D.C. FLY-IN EXPENSES

CONFIDENTIAL

All Commissioner DC Fly-in

			Expenses						
Year	Dates	Location	Ground Transport	Airfare/ General*	Personal Auto	Train	Hotel	Meals	Total
2009	May 20 - 22	Washington, D.C.	$ 10,311.18	$ 22,361.55	$ 1,117.14	$ 6.00	$ 24,830.37	$ 32,874.76	$ 91,501.00
2010	May 18 - 20	Washington, D.C.	$ 24,502.18	$ 34,870.22	$ 1,652.82	$ -	$ 23,840.40	$ 61,973.57	$ 146,839.19
2011	May 24 - 26	Washington, D.C.	$ 33,257.35	$ 29,817.30	$ 2,042.96	$ 653.00	$ 34,824.99	$ 28,472.04	$ 129,067.64
2012	Apr 24 - 26	Washington, D.C.	$ 38,395.18	$ 45,700.19	$ 1,307.66	$ 331.00	$ 34,156.61	$ 44,854.22	$ 164,744.86
2013	May 15 - 17	Washington, D.C.	$ 28,683.02	$ 29,941.09	$ 1,163.34	$ -	$ 24,437.12	$ 34,323.98	$ 118,548.55
		Totals	**$ 135,148.91**	**$ 162,690.35**	**$ 7,283.92**	**$ 990.00**	**$ 142,089.49**	**$ 202,498.57**	**$ 650,701.24**

** Airfare/General expenses include reimbursable items such as airfare, cab fare, bellman tips, hotel business center supplies or baggage fees.

NOTE: 2013 Expenses are through August 31, 2013

Exhibit G

EXHIBIT H

SUMMER ROUNDTABLE AGENDAS

Exhibit H

Privileged and Confidential
For NAIC Members Only

National Association of Insurance Commissioners

All Commissioner Fly-In
August 25-26, 2009

Wentworth by the Sea Marriott Hotel
New Castle, New Hampshire

Monday, August 24, 2009

3:00 p.m. All NAIC Members invited for fly-in discussion of NAIC Strategic Management and Regulatory Modernization efforts. For the All Member Fly-in, all Commissioners (or their designated senior staff representative) should plan to arrive and check-in to hotel Monday, any time after 3:00 p.m.

5:30 p.m. For all Commissioners arriving in time, the Commissioner and spouse or significant other are welcome to join us for a Harbor Cruise, which will be followed by dinner. Shuttles will depart from the main entrance of the hotel at 5:30 p.m. for a short drive to Portsmouth. All attendees are welcome to join the group for dinner at the Oar House at 7:30 p.m. Shuttles will depart from the main entrance of the hotel at 7:00 p.m. for the dinner. Please RSVP to Brian Arscott at barscott@naic.org if you plan to attend.

Tuesday, August 25, 2009

8:00 a.m. Breakfast is Served (Wentworth Ballroom, Lobby Level)

8:30 a.m. — Noon **Meeting of All NAIC Members (Wentworth Ballroom, Lobby Level)**

- **Welcome Message**
- **Center for Insurance Policy and Research Implementation Update**

Exhibit H

Privileged and Confidential
For NAIC Members Only

- **Government Relations Leadership Council Update** — **Attachment A**
  - Congressional Activity
  - Administration's Regulatory Reform Proposal
- **NAIC Strategic Management Issues:**
  - Regulatory Modernization — **Attachment B**

Noon — 1:00 p.m. **Lunch (Wentworth Ballroom, Lobby Level)**

1:00 — 4:00 p.m. **Meeting of All NAIC Members (Continued)**

- **NAIC Strategic Management Issues:**
  - Regulatory Modernization
  - Healthcare Reform — **Attachment C**
  - Market Regulation Reform — **Attachment D**
  - Discussion of June 2009 Report of the NARAB Working Group — **Attachment E**

4:00 p.m. **Adjourn**

6:45 p.m. **Dinner — Lobster Bake and Clam Bake on Hotel Pool Deck (In case of bad weather, Grand Ballroom will serve as back-up location)**

Wednesday, August 26, 2009

8:00 a.m. **Breakfast is Served (Wentworth Ballroom, Lobby Level)**

8:30 — 11:30 a.m. **Meeting of All NAIC Members (Wentworth Ballroom, Lobby Level)**

- **NAIC Strategic Management Issues:**
  - Regulatory Modernization
  - Reinsurance Modernization — **Attachment F**
  - Credit Default Swap Working Group Status/Recommendations — **Attachment G**
  - Solvency Modernization Initiative — **Attachment H**
- **Company Name Redacted**
- **International Relations Leadership Group Update** — **Attachment I**

11:30 a.m. **Adjourn**

10:30 a.m. **Boxed Lunches Available Upon Departure**

Exhibit H

Privileged and Confidential
For NAIC Members Only

National Association of Insurance Commissioners

Agenda as of 7/7/10

All Member Meeting
July 13 – 14, 2010

The Greenbrier
White Sulphur Springs, West Virginia

Notes:

- Meeting attire is business casual.
- The NAIC Executive Committee (committee members only, no proxies) should arrive sometime Sunday, July 11th, to begin meeting at 9:00 a.m. on Monday, July 12th.
- All NAIC attendees and guests are invited to a reception and dinner beginning at 6:00 p.m. on Monday, July 12th, and the full membership meeting will begin Tuesday, July 13th, at 9:00 a.m. with breakfast available at 8:30 a.m.

MONDAY, JULY 12, 2010

Executive Committee Meeting
Meeting Room: Taft Room
Invitees: Executive Committee members only (no proxies)

6:00 p.m.	**Welcome Reception and Dinner for All Attendees and Guests** **Location: Chesapeake Bay Room and Terrace – Lobby Level**

TUESDAY, JULY 13, 2010

All Member Meeting
Meeting Room: Chesapeake Hall
Invitees: All Commissioners, Directors and Superintendents and Senior Staff Members

8:30 a.m. — 9:00 a.m.	**Breakfast Buffet** **Location: Chesapeake Bay Room and Terrace**
9:00 a.m. — 9:15 a.m.	**Welcome Message**

Exhibit H

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For NAIC Members Only

9:15 a.m. — Noon	**Meeting of All NAIC Members** • Health Care Reform **Attachments A – G**
Noon — 1:00 p.m.	Lunch Location: Chesapeake Bay Room and Terrace
1:00 — 4:00 p.m.	**Meeting of All NAIC Members** • Strategic Planning **Attachments H – J**
4:00 p.m.	Adjourn
6:30 p.m.	Dinner Location: Howard's Creek Lodge (located on the property – buses will depart at 6:20 p.m. from the North Lobby Entrance)

WEDNESDAY, JULY 14, 2010

All Member Meeting
Meeting Room: Chesapeake Hall
Invitees: All Commissioners, Directors and Superintendents and Senior Staff Members

7:30 a.m. — 8:00 a.m.	Breakfast Buffet Location: Chesapeake Bay Room and Terrace
8:00 a.m. — 9:30 a.m.	**Meeting of All NAIC Members** • NARAB Working Group Update • Solvency Modernization Initiative Update • Update on Principles Based Reserving – Standard Valuation Law Impact Study • International Update
9:30 a.m. — 10:15 a.m.	International Relations (Guest Speaker – Ted Kelly, Liberty Mutual)
10:15 a.m. – 10:45 a.m.	Company Name Redacted
10:45 a.m.	Adjourn
10:45 a.m.	Boxed Lunches Available Upon Departure

Exhibit H

Draft: 7/23/12

National Association of Insurance Commissioners

FINAL AGENDA

Commissioners' Interim Meeting

Burlington, Vermont
July 24-25, 2012

HILTON BURLINGTON
60 BATTERY STREET
BURLINGTON, VERMONT 05401
802-658-6500

MONDAY, JULY 23

6:30 p.m. **Commissioner Reception and Dinner** *(Casual attire)*
Northern Lights Steamship Cruise – Lake Champlain
Meet in hotel lobby at 6:15 p.m. to walk or ride to Steamship
RSVP to Lori Tyrer at ltyrer@naic.org 816.783.8057.

TUESDAY, JULY 24
Plenary Meeting
Meeting Room: Green Mountain Ballroom, Lobby Level
Invitees: All Commissioners, Superintendents and Directors

7:45 a.m. — 8:45 a.m. **Breakfast – *Seasons Room, Mezzanine Level***

8:45 a.m. — 9:00 a.m. **Welcome Remarks**

9:00 a.m. — 12 Noon **Commissioner Debriefing Sessions**

Update on 2012 Key Regulatory Initiatives **Handout One**

- Actuarial Guideline 38 and Principles-Based Reserving
  —*Commissioner Kitzman (TX) and Commissioner McPeak (TN)*
- Review of Accreditation Program—*Commissioner Kitzman (TX)*
- Market Regulation—*Commissioner Clark (KY)*
- Group Supervision—*Director Huff (MO)*
- Federal Insurance Office (FIO)/Federal Relations—*Commissioner McCarty (FL)*
- Producer Licensing/NARAB II—*Commissioner McCarty (FL)*

Noon — 1:00 p.m. **Lunch – *Seasons Room, Mezzanine Level***

TUESDAY, JULY 24
Plenary Meeting *(Continued)*

1:00 p.m. — 3:15 p.m. **Committee Reports** **Handout Two**

- Life Insurance and Annuities (A) Committee—*Commissioner McPeak (TN)*
- Health Insurance and Managed Care (B) Committee—*Commissioner Praeger (KS)*
- Property and Casualty Insurance (C) Committee—*Commissioner Chaney (MS)*
- Market Regulation and Consumer Affairs (D) Committee—*Commissioner Clark (KY)*
- Financial Condition (E) Committee—*Superintendent Torti (RI)*
- Financial Regulation Standards & Accreditation (F) Committee—*Commissioner Kitzman (TX)*
- International Insurance Relations (G) Committee—*Commissioner Leonardi (CT)*

Other Matters

3:15 p.m. **Break**

3:30 p.m. — 4:30 p.m. **Zone Meetings**

Midwest Zone—Lake Champlain-A Room

Northeast Zone—Burlington Room

Southeast Zone—Commissioner McCarty's Suite

Western Zone – Green Mountain Ballroom

4:30 p.m. **Adjourn from Zone Meetings**

6:30 p.m. **Reception and Dinner** *(Casual attire)*
Trattoria Delia Italian Restaurant
152 St. Paul Street
Meet in hotel lobby at 6:15p.m. to walk or ride to the restaurant

Exhibit H

NAIC
National Association of Insurance Commissioners

7/24/12

ROUNDTABLE
Wednesday, July 25, 2012
8:30 a.m. – 11:00 a.m.
Green Mountain Ballroom—Lobby Level

(Regulator-to-Regulator Session)

AGENDA ITEMS

1. Update on Multi-State Exams/Settlements involving Life Insurance/Annuities Unfair Claim Settlement Practices—*Commissioner Kevin M. McCarty (FL)*

2. CFA Letter Regarding Colossus
   —*Commissioner Stephen W. Robertson (IN)* **Handout One**

3. Discuss Possible Impact of Labor Issues on the Insurance Industry
   —*Commissioner Stephen W. Robertson (IN)*

4. Discuss Veterans Administration Benefits to Seniors

5. Update on the Interstate Insurance Product Regulation Commission (IIPRC)
   —*Director John M. Huff (MO)*

6. Other Matters

Exhibit H

National Association of Insurance Commissioners

Commissioners Mid-Year Roundtable Session
Coeur d' Alene, Idaho
July 10-12, 2013

THURSDAY, JULY 11

Meeting Room: Bay 4 & 5
Invitees: All Commissioners, Superintendents and Directors

7:45 a.m. — 8:45 a.m. **Breakfast** *(Bay 6)*

8:45 a.m. — 9:00 a.m. **Welcome Remarks**

9:00 a.m. — 3:15 p.m. **Commissioner Discussion Topics**

- Domestic Agenda
  - Life Insurance and Annuities
    - PBR
    - Captives
  - Health Insurance
    - Health Care Reform Implementation and Alternatives
    - PPACA 'Accrual Fee' Accounting Issue
  - Property and Casualty Insurance
    - Lender-Placed Insurance
    - Auto Study
    - Catastrophe Issues
  - Market Regulation
  - Financial/Solvency Regulation
    - Group Supervision
    - Reinsurance – Qualified Jurisdiction Review
    - Corporate Governance
    - Life RBC

Working Lunch *(Bay 6)*

- Federal and International Developments

3:15 p.m. **Break**

3:30 p.m. — 4:30 p.m.	**Zone Meetings** Midwest Zone – Boardroom 3 (7th Floor) Northeast Zone – Boardroom 6 (7th Floor) Southeast Zone – Commissioner Donelon's suite Western Zone – Bay 4-5
4:30 p.m.	**Adjourn from Zone Meetings**
6:00 p.m.	**Reception and Dinner** *(Casual attire)* **Lakeview Terrace (Tower Elevators to 2nd Floor)**

FRIDAY, JULY 12

Meeting Room: Bay 4 & 5
Attendees: All Commissioners, Superintendents and Directors

7:30 a.m. — 8:30 a.m.	**Breakfast**
8:30 a.m. — 11:00 a.m.	**(Regulator-to-Regulator Session)**

1. Unfair Claims Settlement
2. Update on Interstate Insurance Product Regulation Compact (IIPRC)
3. Title Insurance
4. Heads-Up Regarding Possible Joint EX/Plenary Call Prior to Summer National Meeting
5. Other Matters

11:00 a.m.	**Adjourn** Boxed Lunches Available

EXHIBIT I

SUMMER MEETING EXPENSES

CONFIDENTIAL

Summer Meeting

Year	Dates	Location	Expenses: Ground Transport	Airfare/ General *	Personal Auto	Hotel	Meals	Total
2009	Aug 24 - 26	New Castle, New Hampshire	$ 9,998.16	$ 28,378.87	$ 2,379.77	$ 57,058.46	$ 57,134.68	$ 154,949.94
2010	Jul 12 - 14	White Sulphur Springs, West Virginia	$ 5,735.82	$ 60,854.04	$ 4,142.72	$ 52,516.32	$ 60,455.40	$ 183,704.30
2011		Not Held						$ -
2012	Jul 23- 25	Burlington, Vermont	$ 9,599.08	$ 47,068.77	$ 2,171.33	$ 38,204.83	$ 69,981.97	$ 167,025.98
2013	Jul 10 - 12	Coeur d'Alene, Idaho	$ 5,762.27	$ 60,487.28	$ 1,900.93	$ 50,717.49	$ 74,808.15	$ 193,676.12
		Totals	**$ 31,095.33**	**$ 196,788.96**	**$ 10,594.75**	**$ 198,497.10**	**$ 262,380.20**	**$ 699,356.34**

** Airfare/General expenses include reimbursable items such as airfare, cab fare, bellman tips, hotel business center supplies or baggage fees.

NOTE: 2013 Expenses are through August 31, 2013

Exhibit I

EXHIBIT J

INTERNATIONAL TRAVEL EXPENSES

CONFIDENTIAL

Commissioner International Travel 2009

Traveler	Date	Location	Purpose	Ground Transport	Airfare	Personal Auto	Train	Hotel	Meals	General	Total	Hotel Name	Airfare Class
Arlo, Joel													
	09/06/09-09/11/09	Beijing, China	US-China Insurance Dialogue (USTR & Commerce led)		$ 9,049.35	$ 41.98		$ 858.16			$ 9,949.49	Raffles Beijing	Business
Cline, Jane													
	01/24/09-01/28/09	Brussels, Belgium	IAIS Executive Committee Meeting		$ 7,707.20			$ 467.17	$ 104.50		$ 8,278.87		Business
	03/03/09-03/07/09	Basel, Switzerland	IAIS Committee Meetings	$ 29.81	$ 7,379.37			$ 784.44	$ 1,141.63		$ 9,335.25	Hotel Victoria	Business
	06/17/09-06/20/09	Brussels, Belgium	CEA international Insurance Conference		$ 2,976.44			$ 624.91	$ 846.06	$ 35.75	$ 4,483.16	Brussels Marriott	Business
	10/19/09-10/26/09	Rio De Janeiro, Brazil	IAIS Committee Meetings and Annual Conference		$ 6,424.67	$ 80.50		$ 1,709.56	$ 1,790.95	$ 435.81	$ 10,441.49	Windsor Barra	Business
	11/16/09-11/18/09	Frankfurt, Germany	CEIOPS Conference on Solvency II		$ 9,641.80			$ 1,186.32	$ 579.94	$ 145.51	$ 11,553.57	Hilton Frankfort	Business
Gross, Alfred W.													
	01/24/09-01/28/09	Brussels, Belgium	IAIS Executive Committee Meeting	$ 138.38	$ 5,836.37	$ 60.10		$ 462.22	$ 109.02		$ 6,606.09	Best Western Royal Centre	Business
	04/04/09-04/09/09	Montreux & Basel, Switzerland	Geneva Association PROGES Seminar	$ 67.03	$ 8,412.42	$ 96.20		$ 929.77	$ 48.20	$ 2.80	$ 9,556.42	Montreux Plaza/ Hotel Victoria	Business
	06/20/09-06/27/09	Taipei, Taiwan	IAIS Committee Meetings	$ 14.10	$ 4,620.80	$ 120.20		$ 1,422.54	$ 73.42	$ 2.80	$ 6,253.86	Formosa Regent	Business
	10/16/09-10/25/09	Rio De Janeiro, Brazil	IAIS Committee Meetings and Annual Conference	$ 5.85	$ 5,709.85	$ 48.40		$ 1,974.76	$ 54.12	$ 14.14	$ 7,807.12	Windsor Barra	Business
Holland, Kim													
	07/19/09-07/24/09	Basel, Switzerland	IAIS Market Conduct Subcommittee Meeting	$ 150.37	$ 6,082.00			$ 861.41	$ 86.63		$ 7,180.41	Hotel Victoria	Coach
	09/09/09-09/11/09	Montreal, Quebec	IAIS Market Conduct Subcommittee Meeting	$ 88.49	$ 687.80	$ 11.00		$ 560.62	$ 95.03		$ 1,442.94	Hotel Nelligan	Coach
McCarty, Kevin													
	01/24/09-01/28/09	Brussels, Belgium	IAIS Executive Committee Meeting	$ 56.65	$ 6,312.85			$ 658.34	$ 78.11	$ 2.58	$ 7,108.53	Best Western Royal Centre	Business
	06/22/09-06/27/09	Taipei, Taiwan	IAIS Committee Meetings		$ 6,509.99			$ 1,132.86	$ 13.22	$ 27.95	$ 7,684.02	Formosa Regent	Business
	10/16/09-10/25/09	Rio De Janeiro, Brazil	IAIS Committee Meetings and Annual Conference		$ 7,800.75			$ 1,758.69	$ 377.22	$ 30.00	$ 9,966.66	Windsor Barra	Business
	12/11/09-12/12/09	Basel, Switzerland	IAIS Financial Stability Committee Meeting	$ 117.01	$ 5,972.50			$ 769.70	$ 202.55	$ 27.95	$ 7,089.71	Hilton/Hotel Schweizerhof	Business
Oxendine, John													
	10/19/09-10/26/09	Rio De Janeiro, Brazil	IAIS Committee Meetings and Annual Conference	$ 484.67	$ 3,098.70				$ 617.62	$ 849.73	$ 5,050.72		Business
Praeger, Sandy													
	01/26/09-01/28/09	Brussels, Belgium	IAIS Executive Committee Meeting		$ 7,978.40			$ 467.17	$ 205.38		$ 8,650.95	Hotel Royal Centre	Business
	04/04/09-04/08/09	Montreux, Switzerland	Geneva Association PROGES Seminar	$ 58.01	$ 6,360.94	$ 148.85		$ -	$ 244.15	$ 2.90	$ 6,814.85		Business
	09/06/09-09/11/09	Beijing, China	US-China Insurance Dialogue (USTR & Commerce led)		$ 9,287.35			$ 972.47			$ 10,259.82	Beijing Hotel/Hotel Nikko	Business
Sevigny, Roger													
	09/10/09-09/11/09	Toronto, Canada	Supervisory College Meeting	$ 73.35	$ 1,097.06	$ 19.00		$ 193.35	$ 37.04		$ 1,419.80	Toronto Marriott	Not listed
	11/12/09-11/13/09	London, England	FSA Meeting	$ 238.85	$ 5,704.70			$ 795.56		$ 190.38	$ 6,929.49	Four Seasons Hotel	Not listed
Urias, Christina													
	11/28/09-12/04/09	Paris, France	Organization for Economic Cooperation and Development, Insurance and Private Pensions Committee Meeting	$ 17.86	$ 3,721.20			$ 2,033.36	$ 107.75		$ 5,880.17	Millennium Paris	Coach
			Grand Totals	**$ 1,540.43**	**$ 138,372.51**	**$ 626.23**	**$ -**	**$ 20,623.38**	**$ 6,812.54**	**$ 1,768.30**	**$ 169,743.39**		

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Commissioner International Travel 2010

Traveler	Date	Location	Purpose	Ground Transport	Airfare	Personal Auto	Train	Hotel	Meals	General	Total	Hotel Name	Airfare Class
Gross, Alfred W.													
	02/20/10-02/27/10	Basel, Switzerland	IAIS Committee Meetings	$ 156.37	$ 7,068.85	$ 27.00		$ 1,131.68	$ 35.84		$ 8,419.74	Hotel Schweizerhof Basel	Coach
Huff, John													
	12/04/10-12/09/10	Beijing, China/Seoul, Korea	Chinese Insurance Supervisory College (CIRC), and US-China Insurance Dialogue (USTR & Commerce led) in Beijing; and Supervisory Seminar on Anti-Fraud Measures (FSS Korea) in Seoul	$ 5.27	$ 9,339.57	$ 40.80		$ 807.76			$ 10,193.40	Westin Beijing/Hyatt Seoul	Business
Ito, Gordon													
	12/04/10-12/09/10	Beijing, China/Seoul, Korea	Chinese Insurance Supervisory College (CIRC), and US-China Insurance Dialogue (USTR & Commerce led) in Beijing; and Supervisory Seminar on Anti-Fraud Measures (FSS Korea) in Seoul	$ 136.17	$ 6,420.55			$ 1,062.75		$ 31.13	$ 7,650.60	Westin Beijing/Hyatt Seoul	N/A
McCarty, Kevin													
	02/19/10-02/26/10	Basel, Switzerland	IAIS Committee Meetings		$ 4,878.65			$ 1,898.30	$ 1,031.03	$ 46.00	$ 7,853.98	Hilton Basel	Business
	06/19/10-06/25/10	Manama, Bahrain	IAIS Committee Meetings and Global Seminar		$ 8,125.85	$ 84.00		$ 244.69	$ 218.54	$ 80.00	$ 8,753.08	Diplomat Radisson Blu Hotel	Business
	09/26/10-09/27/10	Bermuda	Reinsurance Association of America Board Meeting		$ 4,672.57			$ 571.11	$ 5.34	$ 20.00	$ 5,269.02	Fairmont Hamilton Princess	Business
	10/22/10-10/28/10	Dubai, UAE	IAIS Committee Meetings and Annual Conference	$ 50.00	$ 5,377.16	$ 10.00		$ 5,722.90	$ 2,104.81	$ 480.00	$ 13,744.87	Grand Hyatt Dubai	Business
Oxendine, John													
	02/19/10-02/26/10	Basel, Switzerland	IAIS Committee Meetings		$ 3,636.90					$ 3,636.90			Business
	10/22/10-10/28/10	Dubai, UAE	IAIS Committee Meetings and Annual Conference	$ 142.43	$ 5,653.00	$ 17.70		$ 1,862.76	$ 276.08	$ 1.97	$ 7,953.94	Grand Hyatt Dubai	Business
	11/05/10-11/11/10	Seoul, Korea	IAIS / Microinsurance Network Joint Working Group Meeting	$ 31.00	$ 6,020.10			$ 1,304.76	$ 294.19	$ 17.17	$ 7,667.22	Intercontinental	Business
Praeger, Sandy													
	04/14/10-04/21/10	Basel, Switzerland	Geneva Association PROGES Seminar	$ 6.89	$ 8,300.80	$ 166.00	$ 124.49	$ 1,269.88	$ 968.36	$ 3.30	$ 10,839.72	Crowne Plaza, Best Western & Hotel Victoria	Business
Ross, Ken													
	09/18/10-09/23/10	Cape Town South Africa	IAIS / Microinsurance Network Joint Working Group Meeting		$ 8,490.85	$ 49.50		$ 1,025.16	$ 95.01	$ 9.94	$ 9,670.46	Westin Grand Deluxe	Coach
Urias, Christina													
	10/25/10-10/30/10	Dubai, UAE	IAIS Committee Meetings and Annual Conference		$ 8,954.35			$ 2,286.33	$ 17.70		$ 11,258.38	Grand Hyatt Dubai	Business
	11/10/10-11/18/10	Frankfurt, Germany	US-EU Insurance Regulatory Dialogue	$ 20.42	$ 5,033.14			$ 1,740.12	$ 57.66	$ 650.00	$ 7,501.34	Le Meridien	Business
Voss, Susan													
	03/02/10-03/04/10	Beijing	US-China Joint Economic Committee (US Treasury led)		$ 8,078.85			$ 1,667.70	$ 234.69		$ 9,981.24	Grand Hyatt Beijing	Business
	06/10/10-06/14/10	London England	CEA International Insurance Conference		$ 5,487.45	$ 8.00		$ 178.15	$ 5.10		$ 5,678.70	Grand St. Paul's	Business
	04/14/10-04/21/10	Basel, Switzerland	Geneva Association PROGES Seminar	$ 30.84	$ 12,572.65		$ 1,164.27	$ 1,378.48	$ 1,671.02	$ 11.64	$ 16,828.90	Hotel Victoria & Best Western	Business
	05/23/10-05/26/10	Beijing, China	US-China Strategic & Economic Dialogue (US Treasury led)	$ 9.53	$ 9,717.15			$ 2,833.24			$ 12,559.92	Park Hyatt, Marriott, Grand Hyatt & Shangri-La Hotel	Business
Wrynn, Jim													
	05/29/10-06/04/10	Busssels, Belgium and Paris, France	Organization for Economic Cooperation and Development, Insurance and Private Pensions Committee Meeting		$ 6,899.50			$ 955.00	$ 1,042.40		$ 8,896.90	Hotel Amigo Brussels/Meridien Etoile Paris	Business
	06/19/10-06/25/10	Manama, Bahrain	IAIS Committee Meetings and Global Seminar		$ 6,121.85			$ 2,367.56	$ 744.00		$ 9,233.41	Diplomat Radisson Blu Hotel	Business
	10/22/10-10/28/10	Dubai, UAE	IAIS Committee Meetings and Annual Conference	$ 60.00	$ 6,759.85			$ 2,483.76	$ 912.00	$ 940.00	$ 11,155.61	Grand Hyatt	Business
	11/10/10-11/13/10	Frankfurt, Germany	US-EU Insurance Regulatory Dialogue	$ 76.53	$ 4,995.00			$ 740.09	$ 46.00		$ 5,857.62	Le Meridien	Business
			Grand Totals	**$ 725.45**	**$ 152,604.64**	**$ 403.00**	**$ 1,288.76**	**$ 33,532.18**	**$ 9,759.77**	**$ 2,291.15**	**$ 200,604.95**		

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Commissioner International Travel 2011

Traveler	Date	Location	Purpose	Ground Transport	Airfare	Personal Auto	Train	Hotel	Meals	General	Total	Hotel Name	Airfare Class
Cline, Jane													
	02/14/11-02/19/11	Basel, Switzerland	IAIS Committee Meetings	$ 76.18	$ 7,869.76			$ 936.93	$ 560.17		$ 9,443.04	Hotel Victoria	Business
	05/03/11-05/08/11	Newfoundland, Canada	Canadian Life and Health Insurance Association Conference	$ 50.34	$ 1,243.24	$ 62.00		$ 1,414.75	$ 1,250.51		$ 4,000.84	Fortis Properties	Business
Considine, Michael F.													
	09/04/11-09/09/11	Frankfurt, Germany	US-EU Insurance Regulatory Dialogue	$ 65.14	$ 6,077.50			$ 1,221.70	$ 37.06		$ 7,401.40	Le Meridien	Coach
Donelon, Jim													
	09/24/11-09/30/11	Seoul, Korea	IAIS Committee Meetings and Annual Conference		$ 6,605.00	$ 78.00		$ 1,785.24	$ 15.31		$ 8,483.55	Park Hyatt Seoul	Business
Hamm, Adam													
	04/26/11-04/30/11	San Juan, Puerto Rico	Association of Latin American Insurance Supervisors (ASSAL) Annual Meeting & Seminar	$ 21.00	$ 1,056.76			$ 397.50	$ 72.37	$ 7.00	$ 1,554.63	Sheraton	Coach
	09/24/11-09/30/11	Seoul, Korea	IAIS Committee Meetings and Annual Conference		$ 7,450.00			$ 1,965.50	$ 878.49		$ 10,293.99	Park Hyatt Seoul	Coach
Huff, John													
	09/24/11-09/30/11	Seoul, Korea	IAIS Committee Meetings and Annual Conference	$ 49.74	$ 6,931.30			$ 108.29	$ 135.70		$ 7,225.03	Homewood Suites, (KC, MO), Park Hyatt Seoul	Business
Kreidler, Mike													
	05/30/11-06/06/11	Bonn, Germany	Resilient Cities Conference	$ 197.19	$ 5,898.34				$ 60.00		$ 6,155.53		Business
	06/21/11-06/26/11	Paris, France	Organization for Economic Cooperation and Development, Insurance and Private Pensions Committee Meeting	$ 164.28	$ 7,667.30	$ 3.00		$ 1,139.87	$ 752.00		$ 9,726.45	Hotel Athenee	Business
	06/12/11-06/14/11	Guelph, Canada	UN Principles for Sustainable Insurance	$ 245.60	$ 2,315.56	$ 50.37		$ 293.80	$ 201.54		$ 3,106.87	Delta Hotel	
Leonardi, Thomas B.													
	06/06/11-06/12/11	Zurich, Switzerland	Supervisory College Meeting	$ 976.93	$ 7,484.66			$ 1,113.08	$ 398.35	$ 279.12	$ 10,252.14	Hotel Ascot/Bellevue Palace	Business
	08/31/11-09/09/11	Frankfurt, Germany	US-EU Insurance Regulatory Dialogue	$ 943.80	$ 5,356.50			$ 1,196.40	$ 50.02	$ 27.00	$ 7,573.72	Le Meridien	Business
	09/23/11-09/29/11	Seoul, Korea	IAIS Committee Meetings and Annual Conference	$ 359.51	$ 9,414.76			$ 2,547.86	$ 256.92		$ 12,579.05	Park Hyatt Seoul	Not listed
	10/01/11-10/05/11	Amsterdam, Netherlands	Supervisory College Meeting	$ 146.80		$ 57.17		$ 1,556.70	$ 287.46	$ 97.38	$ 2,145.51	Hotel Pulitzer	
	11/06/11-11/10/11	Basel, Switzerland	IAIS Financial Stability Committee Meeting	$ 642.51	$ 6,745.00			$ 794.48	$ 316.86		$ 8,498.85	Hotel Schweizerhof	Business
	12/14/11-12/19/11	Vienna, Austria	IAIS Financial Stability Committee Meeting	$ 690.56	$ 5,950.00			$ 1,227.16	$ 297.11		$ 8,164.83	Le Meridien	Coach
McCarty, Kevin													
	02/14/11-02/19/11	Basel, Switzerland	IAIS Committee Meetings	$ 290.50	$ 7,841.35	$ 108.00		$ 1,981.56	$ 590.09	$ 76.63	$ 10,888.13	Hilton/Westin	Business
	06/13/11-06/19/11	Macao	IAIS Committee Meetings and Global Seminar	$ 20.00	$ 6,987.05			$ 2,710.39	$ 431.70	$ 70.00	$ 10,219.14	FS Hotel Macao/ Conrad Hong Kong	Business
	08/31/11-09/09/11	Frankfurt, Germany	US-EU Insurance Regulatory Dialogue	$ 35.73	$ 5,502.76			$ 1,320.74	$ 165.76	$ 10.00	$ 7,034.96	Le Meridien	Business
	09/24/110-9/30/11	Seoul, Korea	IAIS Committee Meetings and Annual Conference		$ 6,953.00	$ 36.00		$ 1,406.80	$ 122.84	$ 27.00	$ 8,545.64	Park Hyatt Seoul	Business
	11/06/11-11/10/11	Basel, Switzerland	IAIS Financial Stability Committee Meeting		$ 6,769.66	$ 77.00		$ 1,148.84	$ 2.68	$ 40.00	$ 8,038.18	Hilton\Westin	Business
Scheiber, Merle													
	04/26/11-04/28/11	San Juan, Puerto Rico	Association of Latin American Insurance Supervisors (ASSAL) Annual Meeting & Seminar		$ 805.60			$ 415.54	$ 107.05	$ 89.45	$ 1,417.64	Sheraton	Coach
Urias, Christina													
	04/26/11-04/28/11	San Juan, Puerto Rico	Association of Latin American Insurance Supervisors (ASSAL) Annual Meeting & Seminar	$ 20.00	$ 719.10			$ 397.50	$ 57.53	$ 7.00	$ 1,201.13	Sheraton	Coach
	06/15/11-06/17/11	Athens, Greece	CEA International Insurance Conference	$ 182.77	$ 4,556.90			$ 812.93	$ 348.41		$ 5,901.01	Athens Diamond Hotel	Business
	07/03/11-07/08/11	Santiago, Chile	Association of Latin American Insurance Supervisors (ASSAL) Solvency Seminar	$ 14.00	$ 5,494.10			$ 1,078.68	$ 56.63	$ 140.00	$ 6,783.41	Grand Hyatt	Business
	09/05/11-09/10/11	Frankfurt, Germany	US-EU Insurance Regulatory Dialogue	$ 34.21	$ 3,128.20	$ 39.24		$ 1,346.38	$ 118.17	$ 163.84	$ 4,830.04	Le Meridien	Business
	09/30/11-10/04/11	Seoul, Korea	IAIS Committee Meetings and Annual Conference		$ 4,979.80	$ 61.49		$ 2,805.52	$ 28.18	$ 150.08	$ 8,025.07	Park Hyatt Seoul	Business
	10/11/11-10/16/11	Brussels, Belgium	Meetings with EU Parliament & EU Commission		$ 4,977.46	$ 33.56		$ 1,303.38		$ 12.95	$ 6,327.35	Le Meridien	Business
Voss, Susan													
	04/01/11-04/07/11	Basel, Switzerland	IAIS Committee Meetings		$ 7,312.40			$ 685.54	$ 643.03		$ 8,640.97	Hotel Schweizerhof	Business
	04/26/11-04/28/11	San Juan, Puerto Rico	Association of Latin American Insurance Supervisors (ASSAL) Annual Meeting & Seminar		$ 1,020.32	$ 33.00		$ 619.63	$ 1,305.84		$ 2,978.79	Sheraton	Business
	11/30/11-12/04/11	Paris, France	Organization for Economic Cooperation and Development, Insurance and Private Pensions Committee Meeting		$ 8,295.46	$ 60.00		$ 1,898.83	$ 780.65		$ 11,034.94	Le Meridien	Business
	07/01/11-07/08/11	Santiago, Chile	Association of Latin American Insurance Supervisors (ASSAL) Solvency Seminar		$ 6,271.20	$ 42.00		$ 634.34		$ 153.90	$ 7,101.44	Grand Hyatt	Business
	10/11/11-10/16/11	Brussels, Belgium	Meetings with EU Parliament & EU Commission	$ 448.91	$ 6,435.94	$ 60.00		$ 1,280.07	$ 801.72		$ 9,026.64	Le Meridien	Business
	09/05/11-09/10/11	Frankfurt, Germany	US-EU Insurance Regulatory Dialogue		$ 7,419.36	$ 60.00		$ 1,250.19	$ 338.41	$ 19.86	$ 9,087.82	Le Meridien	Business
			Grand Totals	$ 5,675.67	$ 183,535.34	$ 840.83	$ -	$ 40,796.12	$ 11,468.56	$ 1,171.21	$ 243,687.73		

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Commissioner International Travel 2012

Traveler	Date	Location	Purpose	Ground Transport	Airfare	Personal Auto	Train	Hotel	Meals	General	Total	Hotel Name	Airfare Class
Consedine, Michael F.													
	01/12/12-01/28/12	Thailand, Bangkok	Organization for Economic Cooperation and Development, Insurance and Private Pensions Committee Seminar		$ 1,759.60			$ 1,502.23			$ 3,261.83	St. Regis	Business
	05/14/12-05/20/12	Cape Town, South Africa	Forum 500 Conference	$ 573.92	$ 6,858.30			$ 883.00	$ 77.99		$ 8,393.21	The Westin Cape Town	N/A
	06/04/12-06/10/12	Paris, France	Organization for Economic Cooperation and Development, Insurance and Private Pensions Committee Meeting	$ 684.91	$ 2,912.30			$ 2,434.35	$ 308.19		$ 6,339.75	Le Meridien	Business
	12/05/12-12/07/12	Paris, France	OECD: Working Party of Governmental Experts on Insurance (WPGEI) and Insurance & Private Pensions Committee (IPPC)	$ 764.61	$ 5,671.40			$ 1,860.00	$ 160.16		$ 8,456.17	W Paris Opera	Business
Donelon, Jim													
	04/22/12-04/26/12	Guayaquil, Ecuador	Association of Latin American Insurance Supervisors (ASSAL) Annual Meeting & Seminar	$ 64.00	$ 3,757.62			$ 563.44	$ 129.80	$ 640.00	$ 5,154.86	Sheraton Guayaquil	Not listed
	11/18/12-11/21/12	Costa Rica	Association of Latin American Insurance Supervisors (ASSAL) Solvency Seminar		$ 2,121.07						$ 2,121.07		Not listed
Huff, John													
	05/27/12-06/03/12	Brussels/Netherlands	Association of Bermuda Insurers and Reinsurers Conference	$ 200.32	$ 5,356.40	$ 82.88		$ 2,064.60	$ 47.56	$ 11.25	$ 7,763.01	Hotel Amigo/NH Grand Hotel Krasnapolsky	Business
	07/08/12-07/12/12	Zurich, Switzerland	Institute of International Finance - International Colloquium	$ 337.04	$ 7,282.66	$ 62.72		$ 736.99	$ 22.43		$ 8,441.84	Hotel Belvoir	Business
Kitzman, Eleanor													
	06/17/12-06/22/12	Grand Cayman, Cayman Islands	IAIS Committee Meetings and Global Seminar	$ 23.10	$ 1,423.20			$ 125.00	$ 59.94	$ 123.75	$ 1,754.99	The Westin Cassuarina	Business
	09/25/12-10/01/12	Singapore	IAIS Solvency & Actuarial Issues Subcommittee Meeting	$ 148.16	$ 7,973.00			$ 1,198.35	$ 123.44	$ 107.80	$ 9,550.75	M Hotel Singapore	Not listed
Leonardi, Thomas B.													
	02/19/12-02/23/12	Basel, Switzerland	IAIS Committee Meetings	$ 863.57	$ 7,376.82			$ 810.81	$ 11.97		$ 9,063.17	Hotel Schweizerhof	Business
	06/03/12-06/08/12	Basel, Switzerland	Supervisory College Meeting	$ 321.65	$ 7,231.16		$ 185.26	$ 750.88	$ 378.99		$ 8,867.94	Bellevue Palace	Business
	06/17/12-06/21/12	Cayman Islands	IAIS Committee Meetings and Global Seminar	$ 213.00	$ 900.05			$ 1,067.40	$ 92.32	$ 6.00	$ 2,278.77	The Ritz Carlton	Business
	07/08/12-07/11/12	Zurich, Switzerland	Institute of International Finance - International Colloquium	$ 800.50	$ 4,051.50			$ 626.73			$ 5,478.73	Swiss Re: Centre for Global Dialogue	Business
	09/24/12-09/29/12	London, England	IAIS Financial Stability Committee Meeting	$ 475.87	$ 4,437.70			$ 2,567.87	$ 195.39		$ 7,736.83	ANDAZ	Coach
McCarty, Kevin													
	01/25/12-02/01/12	London, England	European Press Briefing	$ 55.11	$ 8,265.29	$ 13.00		$ 3,388.00	$ 76.48	$ 190.00	$ 11,987.88	Hilton London Tower Bridge	Business
	06/17/12-06/22/12	Grand Cayman, Cayman Islands	IAIS Committee Meetings and Global Seminar	$ 10.00	$ 949.55	$ 66.00		$ 1,918.03	$ 906.20	$ 25.00	$ 3,874.78	The Westin Casuarina	Business
	07/01/12-07/04/12	Hamilton, Bermuda	Association of Bermuda Insurers and Reinsurers Board Meeting		$ 1,608.20	$ 39.00		$ 1,142.27	$ 196.55	$ 15.00	$ 3,001.02	The Fairmont Hamilton Princess	Business
	07/10/12-07/12/12	London, England	United Kingdom Financial Services Authority / Lloyds Meeting	$ 515.93	$ 8,172.58	$ 42.00		$ 1,104.03	$ 21.88	$ 30.00	$ 9,886.42	Hilton London Kensington	Business
	09/03/12-09/08/12	Frankfurt, Germany	US - EU Insurance Regulatory Dialogue	$ 491.35	$ 5,959.00	$ 78.00		$ 1,389.66	$ 121.23	$ 30.00	$ 8,069.24	Le Meridien	Coach
	12/19/12-12/20/12	Frankfurt, Germany	US-EU Dialogue Project Steering Committee Meeting		$ 8,962.00	$ 52.00		$ 1,191.93	$ 76.67	$ 26.00	$ 10,308.60	Intercontinental	Coach
Urias, Christina													
	01/28/12-02/01/12	Basel, Switzerland	IAIS Committee Meetings	$ 43.64	$ 6,767.66	$ 27.37		$ 797.02	$ 61.60	$ 138.15	$ 7,835.44	Hotel Schweizerhof	Business
	02/20/12-02/26/12	Basel, Switzerland	IAIS Solvency & Actuarial Issues Subcommittee Meeting	$ 62.65	$ 6,870.66		$ 140.58	$ 1,296.47	$ 28.78		$ 8,399.14	Hotel Schweizerhof/ Radisson	Business
	03/18/12-03/24/12	Basel/Geneva, Switzerland	Financial Stability Institute Seminar / Geneva Association PROGES Seminar	$ 55.89	$ 5,816.80	$ 71.60	$ 239.00	$ 2,509.94	$ 467.74	$ 107.64	$ 9,268.61	Hotel Victoria/ Intercontinental	Business
	04/20/12-04/25/12	Guayaquil, Ecuador	Association of Latin American Insurance Supervisors (ASSAL) Annual Meeting & Seminar	$ 54.74	$ 2,326.22			$ 580.14	$ 195.67	$ 126.06	$ 3,282.83	Sheraton Guayaquil	Business
Voss, Susan													
	02/20/12-02/25/12	Basel, Switzerland	IAIS Committee Meetings	$ 54.07	$ 9,043.96	$ 109.00		$ 1,037.73	$ 730.62		$ 10,975.38	Hilton Basel	Business
	04/22/12-04/24/12	Quito, Ecuador	Association of Latin American Insurance Supervisors (ASSAL) Annual Meeting & Seminar		$ 2,419.70			$ 349.77	$ 14.57		$ 2,784.04	Sheraton Quito	Coach
	05/01/12-05/05/12	Beijing, China	US-China Strategic & Economic Dialogue (US Treasury led)		$ 7,807.96			$ 1,197.41	$ 4.55		$ 9,009.92	JW Marriott	Coach
	05/14/12-05/17/12	London, England	Insurance Day Summit	$ 280.78	$ 6,384.50	$ 56.00		$ 638.81	$ 7.08		$ 7,367.17	Grange Hotels	Coach
	07/09/12-07/12/12	Frankfurt, Germany	US-EU Dialogue Project Steering Committee Meeting		$ 5,280.77	$ 60.00		$ 519.11	$ 117.65		$ 5,977.53	Intercontinental	Business
	07/23/12-07/24/12	Qingdao, China	US China Insurance Dialogue (USTR & Commerce led)		$ 6,652.10	$ 60.00		$ 795.67			$ 7,507.77	Shangri-La Hotel	Coach
	09/07/12-09/08/12	Frankfurt, Germany	US-EU Insurance Regulatory Dialogue	$ 51.88	$ 6,304.00	$ 24.00		$ 1,244.66	$ 15.10		$ 7,639.64	Le Meridien	Coach
White, William P.													
	05/20/12-05/25/12	Gibraltar, Spain	Offshore Group Insurance Supervisors Seminar		$ 6,382.30			$ 1,011.55	$ 80.09	$ 89.66	$ 7,563.60	O'Callaghan Elliott Hotel	Business
	07/20/12-07/25/12	Bangkok/Qingdao	US-China Insurance Dialogue (USTR & Commerce led)		$ 10,912.50			$ 1,865.73			$ 12,778.23	St. Regis/Shangri-La Hotel	Business
	09/18/12-09/22/12	Basel, Switzerland	IAIS Committee Meetings	$ 272.83	$ 9,122.40			$ 1,074.44	$ 271.04		$ 10,740.71	Hotel Schweizerhof	Business
			Grand Totals	$ 7,419.52	$ 195,180.93	$ 843.57	$ 564.84	$ 42,184.02	$ 5,001.68	$ 1,666.31	$ 252,860.87		

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Commissioner International Travel 2013

Traveler	Date	Location	Purpose	Ground Transport	Airfare	Personal Auto	Train	Hotel	Meals	General	Total	Hotel Name	Airfare Class
Consedine, Michael F.													
	03/19/13-03/23/13	Basel, Switzerland	IAIS Committee Meetings and US-EU Steering Committee Meeting	$ 1,305.78	$ 6,197.40			$ 679.24	$ 87.09		$ 8,269.51	Hotel Schweizerhof	Business
	06/03/13-06/04/13	Brussels, Belgium	Association of Bermuda Insurers and Reinsurers Conference	$ 303.00	$ 5,918.70			$ 387.57			$ 6,609.27	Rocco Forte Hotels	Business
	06/05/13-06/09/13	Paris, France	Organization for Economic Cooperation and Development, Insurance and Private Pensions Committee Meeting	$ 399.42				$ 1,502.80	$ 272.76		$ 2,174.98	Hyatt Regency	Flight included in trip above
	07/12/13-07/18/13	Bangkok, Thailand/ Singapore & Tokyo, Japan	ASEAN-Asian Region Insurance Solvency Seminar and Monetary Authority of Singapore & Japan Financial Authority Services	$ 606.00	$ 11,437.30			$ 3,918.58	$ 993.78		$ 16,955.66	Grand Hyatt	Not listed
	07/28/13-07/30/13	Frankfurt, Germany	US-EU Dialogue Project Steering Committee Meeting	$ 730.00	$ 4,783.00			$ 376.31			$ 5,889.31	LeMeridien	Business
	09/05/13-09/09/13	Franfurt, Germany/ Paris, France	CIS Conference and G-SII/G-SIFI Seminar	$ 50.03	$ 6,938.00		$ 622.25	$ 770.68			$ 8,380.96	LeMeridien	Business
Donelon, Jim													
	03/16/13-03/18/13	Sydney, Australia	Australian General Insurance Exchange Conference		$ 7,312.40					$ 646.48	$ 7,958.88		Business
	04/22/13-04/25/13	Panama City, Panama	Association of Latin American Insurance Supervisors (ASSAL) Annual Meeting & Seminar	$ 83.00	$ 1,292.40			$ 788.73	$ 124.00	$ 498.01	$ 2,786.14	Sheraton Panama	Not listed
	05/26/13-05/29/13	Paris, France	Organization for Economic Cooperation and Development & G20 Roundtable	$ 1,022.28	$ 5,607.00			$ 1,152.72	$ 244.67	$ 12.00	$ 8,038.67	Intercontinental	Not listed
	06/15/13-06/18/13	London, England	European Press Briefing	$ 28.00	$ 6,877.20			$ 3,517.85	$ 269.09	$ 12.00	$ 10,704.14	Hilton	Business
Hamm, Adam													
	03/19/13-03/21/13	Basel, Switzerland	IAIS Committee Meetings	$ 515.16	$ 8,210.00	$ 35.00		$ 952.89	$ 55.39		$ 9,768.44	Hotel Schweizerhof	Coach
	04/13/13-04/19/13	Paris, France	IAIS Market Conduct Subcommittee Meeting	$ 627.50	$ 7,695.00	$ 25.00		$ 1,580.55	$ 242.06	$ 11.95	$ 10,182.06	Millennium Hotel	Coach
	06/16/13-06/20/13	London, England	European Press Briefing		$ 7,820.00			$ 2,664.01	$ 47.07	$ 4.82	$ 10,535.90	Hilton	Coach
	07/13/13-07/23/13	Bangkok, Thailand/ Singapore & Tokyo, Japan	ASEAN-Asian Region Insurance Solvency Seminar and Monetary Authority of Singapore & Japan Financial Authority Services		$ 12,184.00			$ 4,004.40	$ 488.12		$ 16,676.52	Grand Hyatt Singapore, Grand Hyatt Tokyo, Grand Hyatt Erawan	Coach
Huff, John										$	$		
	06/24/13-06/26/13	Bermuda	Insurance Day Summit	$ 125.97	$ 810.20			$ 1,911.32	$ 362.23	$ 54.00	$ 3,263.72	The Fairmont	Coach
Leonardi, Thomas B.													
	03/19/13-03/22/13	Basel, Switzerland	IAIS Committee Meetings and US-EU Steering Committee Meeting	$ 789.98	$ 6,766.00			$ 1,299.21	$ 100.44	$ 55.54	$ 9,011.17	Hotel Schweizerhof	Business
	04/09/13-04/13/13	Geneva, Switzerland	Geneva Association PROGES Seminar	$ 432.97	$ 10,686.00			$ 1,944.39	$ 148.83		$ 13,212.19	Hotel De La Cigogne	Business
	05/20/13-05/25/13	Taipei, Taiwan	Taiwan Insurance Institute Conference	$ 656.16					$ 23.46		$ 679.62		
	06/10/13-06/14/13	Rome, Italy	Insurance Europe International Insurance Conference	$ 174.83	$ 6,019.00			$ 1,394.45	$ 208.90	$ 302.09	$ 8,099.27	Parco Dei Principi	Not listed
	06/15/13-06/19/13	Seoul, Korea	International Insurance Society Annual Seminar	$ 105.03	$ 7,225.70			$ 2,023.11	$ 103.26	$ 8.00	$ 9,467.10	Grand Hyatt	Business
Lindeen, Monica													
	04/09/13-04/12/13	Panama City, Panama	Association of Latin American Insurance Supervisors (ASSAL) Annual Meeting & Seminar		$ 1,530.40			$ 968.74			$ 2,499.14	Sheraton	Coach
	06/16/13-06/21/13	Basel, Switzerland	IAIS Committee Meetings and Global Seminar	$ 573.96	$ 6,853.60			$ 1,991.63	$ 2,413.85		$ 11,833.04	Swissotel Le Plaza	Business
McCarty, Kevin													
	03/16/13-03/23/13	Basel, Switzerland	IAIS Committee Meetings	$ 284.37	$ 9,811.00	$ 22.00		$ 2,331.75	$ 226.41	$ 50.00	$ 12,725.53	Hilton	Coach
	04/08/13-04/12/13	Basel/Geneva, Switzerland	Financial Stability Institute Seminar / Geneva Association PROGES Seminar		$ 7,294.00	$ 13.00		$ 1,448.55	$ 16.35	$ 80.00	$ 8,851.90	Hilton/Radisson/ Intercontinental	Business
	06/06/13-06/06/13	Brussels, Belgium	Association of Bermuda Insurers and Reinsurers Conference		$ 7,198.00	$ 13.00	$ 145.60	$ 1,380.31		$ 30.00	$ 8,766.91	Rocco Forte Hotels	Coach
	06/16/13-06/20/13	Basel, Switzerland	IAIS Committee Meetings	$ 145.60	$ 9,800.00	$ 26.00		$ 2,896.42	$ 218.47	$ 30.00	$ 13,116.49	Swissotel Basel	Coach
	06/24/13-06/26/13	Bermuda	Insurance Day Summit	$ 251.94	$ 1,447.20	$ 52.00		$ 1,394.16		$ 24.00	$ 3,169.30	The Fairmont	Business
	09/20/13-09/21/13	London, England	IAIS ExCo Meeting		$ 7,870.00			$ 971.25		$ 46.00	$ 8,887.25	Apex London Wall	Coach
White, William P.													
	02/23/13-02/28/13	Basel, Switzerland	Joint Forum Plenary Meeting	$ 166.19	$ 8,004.00			$ 1,150.04		$ 59.28	$ 9,379.51	Hilton Basel	Business
	04/16-13-04/19/13	Paris, France	IAIS Governance and Compliance Subcommittee Meeting		$ 1,252.80			$ 1,461.00	$ 145.44		$ 2,859.24	Millennium Hotel	Coach
	06/10/13-06/13/13	Busan, South Korea	Joint Forum Plenary Meeting	$ 141.22	$ 11,345.00			$ 683.61			$ 12,169.83	Paradise Hotel	Not listed
	06/14/2013-06/15/2013	Basel, Switzerland	IAIS Committee Meetings	161.86				1,940.57	36.17		2,138.60	Hotel Victoria	Flight included in trip above
			Grand Totals	$ 9,680.25	$ 196,185.30	$ 186.00	$ 767.85	$ 49,486.84	$ 6,829.84	$ 1,924.17	$ 265,060.25		

NOTE: 2013 Expenses are for trips through September 30, 2013

EXHIBIT K

NAIC CONFLICT OF INTEREST POLICY FOR THE MEMBERSHIP
ACKNOWLEDGMENT FORM AND DISCLOSURE STATEMENT
FOR EXECUTIVE COMMITTEE MEMBERS

Exhibit K

Adopted 3/31/08

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

CONFLICT OF INTEREST POLICY FOR THE MEMBERSHIP

ACKNOWLEDGMENT FORM AND DISCLOSURE STATEMENT FOR EXECUTIVE COMMITTEE MEMBERS

Conflict of Interest Policy:

In furtherance of the Mission of the NAIC, it shall be the Policy of the NAIC that all members (i.e., Commissioners, Directors, Superintendents or other chief insurance regulatory officials) shall act in a manner that reflects the highest standard of ethical conduct and members shall avoid any activity or situation where their personal interest could conflict, or give the appearance of a conflict, with their fiduciary duties to the NAIC. All members shall follow this Conflict of Interest Policy unless subject to a more stringent state policy.

Identifying a Conflict of Interest and Disclosure:

A 'Conflict of Interest' shall be defined as any known activity, transaction, relationship, service engaged in or consideration received by the member, the member's immediate family (to include spouse, parents, siblings and children) or someone in the member's immediate household, which may cause an objective person reasonable concern that the member could not or may not be able to perform his or her responsibilities and duties to the NAIC in an impartial manner. Conflicts of Interest include, but are not limited to: direct financial or close personal interests in an entity or organization which could be affected by a decision of the NAIC; acceptance of a valuable gift, entertainment, services, loans or promises of future benefits including offers of employment, from any entity or organization that might benefit because of a member's connection with the NAIC; or compensation or the promise of compensation for consulting or other type of engagement, other than compensation from the member's employer in his or her capacity as a state government official, if such payment is related directly or indirectly to the member's work with the NAIC.

This Conflict of Interest Policy shall not preclude a member from being (1) a policyholder or claimant under an insurance policy; (2) a grantor of a mortgage or similar instrument on such person's residence to a regulated entity if done under customary terms and in the ordinary course of business; (3) an investment owner in shares of regulated diversified investment companies; or (4) a settlor or beneficiary of a "blind trust" into which any holdings in any regulated entities have been placed.

There is a need to recognize it may be impossible or impracticable to eliminate all conflicts of interest; provided, however, when a member has knowledge of a conflict or apparent conflict, that member shall provide written disclosure of the conflict or apparent conflict to the Secretary-Treasurer of the NAIC as well as to the chair of the committee, task force or working group that is addressing the matter of which the member has a conflict. The disclosure shall also be filed with the General Counsel of the NAIC. The member shall refrain from voting or otherwise attempting to affect any decision of the NAIC to participate or not to participate in such transaction and the manner or terms of such participation. Minutes of the appropriate meetings should reflect that such disclosure was made, and that such member abstained from voting and absented his or her self from the discussion and vote on the matter.

Failure to make such disclosure may result in reversal of the recommendation or vote the member participated in or attempted to affect through acts or omissions. All members shall be required to complete an Acknowledgement Statement upon becoming a member of the NAIC, while Executive Committee members shall complete the Acknowledgement and Disclosure Statement annually.

Prohibited Activities:

For purposes of this Policy, when a member is acting in his or her capacity as an NAIC member the following acts are presumed to constitute conflicts of interest and are prohibited: (1) acceptance of a gift whose value is greater than $50, (2) acceptance of a free meal or other entertainment paid for by a regulated entity, its trade group, or other entities or individuals acting as agents or representatives of a regulated entity during an NAIC sponsored meeting or (3) engaging in direct solicitation or receipt of funds from regulated entities, their trade group or other entities or individuals acting as agents or representatives of a regulated entity immediately prior to, during or immediately after NAIC sponsored meetings in the

metropolitan area of the meeting's host city except for those activities which are for the benefit of nonprofit, charitable organizations. The prohibition contained in (2) does not apply to receptions held at the NAIC meeting headquarters hotel that are open to all NAIC meeting attendees.

A member shall not use or disclose confidential information learned as a result of NAIC activities and duties for personal gain or for the gain of the member's immediate family (to include spouse, parents, siblings and children) or someone in the member's immediate household. For purposes of this paragraph, confidential information is information that a member acquires as a result of his or her regulatory functions and duties and is not available to the general public. No obligation of confidentiality applies to any information a member (a) already possesses without obligation of confidentiality, (b) developed independently, or (c) rightfully acquired without obligation of confidentiality from a third party.

Exhibit K

Acknowledgment

I certify that I have received and read the NAIC's Conflict of Interest Policy for the membership ("Policy"). I understand the purpose of this Policy is to protect the integrity of the Mission and operations of the NAIC. Upon becoming a member of the NAIC, I will sign this form indicating that I have received, read and understand the policy.

_____ _____

Signature Member Date

_____

Printed Name

Exhibit K

Acknowledgment & Disclosure Statement:

I understand that as a member of the Executive Committee of the National Association of Insurance Commissioners ("NAIC"), I have a responsibility to act in a manner that reflects the highest standard of ethical conduct and to avoid any activity or situation where my personal interest could conflict, or reasonably appear to conflict, with my responsibility to carry out my fiduciary duties to the NAIC.

I certify that I have received, read and understand the NAIC's Conflict of Interest Policy for the membership and Commitment of Executive Committee Members ("Policy"). I understand the purpose of this Policy is to protect the integrity of the Mission and operations of the NAIC. Upon becoming a member of the NAIC, I will sign this form indicating that I have received, read and understand the policy and make a full written disclosure of interests, relationships and holdings that could potentially result in a Conflict of Interest as that term is defined in the Policy. I will at least annually update my disclosure statement to accurately reflect potential Conflicts of Interest. I will also disclose any Conflict of Interest where I, my immediate family (i.e., spouse, parents, siblings and children), and/or members of my immediate household will receive a benefit, gain, or something of value. After disclosure, I understand I will not be permitted to participate in discussions to affect the decision of the NAIC or vote on the matter related to the Conflict of Interest.

I understand this Policy is to supplement good judgment, and I will respect the letter and intent of the Policy.

_____ _____

Signature Executive Committee Member Date

_____

Printed Name

I, _____, am not aware of any co◯ict of interest.

I, _____, have a conflict of interest or potential conflict of interest as described below:

_____

_____

_____

_____

_____

Signed and Dated