that not only protects consumers but also facilitates competitive markets for insurance products. Moreover, insurance products are different than other financial products, particularly banking products, in that they vary widely and are designed to accommodate specific risk mitigating

million persons

regulations, standards and best practices. They also

Federal Involvement in Insurance Policy and Regulation

Notwithstanding the need for federal government engagement in insurance, there have been ance policy and regulation has not been appropriatel role as primary regulators. As a conceptual matter, we agree the federal government should have expertise in insurance to help advise the administration in certain policy areas, coordinate the monitoring of U.S. financial stability including any issues that may impact or emanate from the insurance sector, and, where appropriate, regulate non-insurance activities such as banking, securities, or derivatives. The functions should not however, supplant or duplicate the duties of state insurance regulators. Set forth below are some areas
better organized.

Systemic Risk and Insurance

Insurance regulators (FSOC) role as a systemic risk monitor, and a forum for coordination and information exchange among financial regulators.[2] We have long believed that the insurance sector should not be involved in systemically risky activities and have asked the FSOC and the Federal Reserve (as the regulator

a4640818 TJTJT0(a)hJ0 3(onFeda-((r(l gETy)2R a)4se)-3(vyJ0 3(onhJasulshouldm 7-i(rye) (rye)ed(im T)2()-3(veg)4guc)44)

(IAIS) during the past five years, the Tr
in some cases, has made it more difficult for U.S. regulators to defend the state-based system and influence the standard-setting process.

where the regulators and FIO both had an interest in information (e.g., information on the entities, a role that is not preempted by the statutes that provided the Federal Reserve its authorities. As a general matter, over time, coordination on supervision has improved quite a bit with the Federal Reserve. However, our experiences continue to vary depending on the supervisors involved and the Federal Reserve Bank responsible for such regulation. Though the complaints have become less frequent, states have found that certain Federal Reserve supervisors have at times not been forthcoming in sharing information and the exchange has been one-sided, with the states providing more than the Federal Reserve.

The same can be said for regulatory policy coordination. For example, the Federal Reserve is presently working on capital rules (among other regulations) for the insurance firms that it regulates that are substantially engaged in insurance operations. At the same time, the NAIC is working on developing a group capital analytical tool. While not historically the practice of the Federal Reserve, the whole insurance sector would benefit from the Federal Reserve and NAIC working together on this and other regulatory policy initiatives that impact the companies we collectively regulate. We were pleased that the Federal Reserve has accepted our invitation to coordinate on group capital approaches. We hope that such coordination will be robust and be a

Federal Insurance Programs

In addition to its involvement in the areas described above, historically, the federal government has administered certain programs that provide insurance products that the private market is unwilling or unable to write. These programs provide an important service to American businesses and consumers and we urge their continuation, though we believe improvements can be made as set forth below.

National Flood Insurance Program (NFIP)

State insurance regulators support the NFIP and have continually encouraged its long-term reauthorization. Through the NAIC, we formulated guiding principles for the 2017 NFIP reauthorization that focus on maintaining a stable program to provide certainty for policyholders while encouraging greater growth in the private flood insurance market as a complement to the NFIP. We support efforts to facilitate the growth of a state-regulated private flood insurance market to help provide consumers with more choices and coverage potentially at more affordable incorporate any additional data elements the Treasury Department may require, and to share the data that is collected.

International Standards and Processes

The NAIC was a founding member of the IAIS in 1994 and served as its administrative secretariat during its formative years to encourage dialogue, information sharing, and cooperation. Every member of the NAIC insurance and insurance regulation, Treasury, USTR, the Department of Commerce and other agencies should seek to consult with and include state regulators wherever possible. As an

Markets Regulatory Dialogue (FMRD) typically include our regulatory counterparts from those jurisdictions, and in the past state regulators were given a role to play in those meetings. In recent years, though, state regulators have either not been included or relegated to an observer role. It is in the best interest of U.S. insurers and policyholders to have their primary regulators more scoped into these international dialogues.

Retirement Security

Retirement security encompasses a broad spectrum of financial tools, including insurance-related products and services. This includes life insurance and annuities, long-term care insurance and the manner in which insurance products are marketed and sold to consumers. Our goal is to help consumers handle a wide array of issues related to their retirement. The NAIC has embarked on a Retirement Security Initiative broken into three categories: education, consumer protection and innovation.

With respect to education, state insurance regulators encourage consumers to collect information,

consumers remain protected. Our Center for Insurance Policy and Research (CIPR) released a
-Term Care Insurance: The Market, Challenges and Future
I

Eric A. Cioppa