

Reference Links

Company & Regulator Best Practices for Enterprise Risk Management – State Farm’s® View

2011 ERM Symposium

March 13-16, 2011

NAIC Related Links

Systemic Risk Regulation

http://www.naic.org/topics/topic_systemic_risk.htm

Solvency Modernization Initiative (SMI)

http://www.naic.org/index_smi.htm

Comment Letters – ORSA

http://www.naic.org/documents/committees_ex_isftf_iswg_orsa_comments.pdf

U.S. Own Risk and Solvency Assessment (ORSA) Proposal (February 11, 2011)

http://www.naic.org/documents/committees_ex_isftf_exposures_orsa.pdf

Comments: GROUP CAPITAL ASSESSMENT OPTIONS

http://www.naic.org/documents/committees_ex_isftf_group_capital_assessment_comments.pdf

NAIC Related Links

(Continued)

Roadmap

http://www.naic.org/documents/committees_ex_isftf_summer_ntlmtg_meeting_sm_i_roadmap.pdf

NAMIC

(National Association of Mutual Insurance Companies)

Docket ID: FSOC-2010-0001

Advance Notice of Proposed Rulemaking Regarding Authority to Require Supervision and Regulation of Certain Nonbank Financial Companies

<http://www.namic.org/pdf/federal/1011fedcmtsANRP.pdf>

GNAIE

(Group of North American Insurance Enterprises)

Comments on NAIC Consultation Paper on Regulatory Capital Requirements and Overarching Accounting/Valuation Issues for the Solvency Modernization Initiative

<http://www.gnaie.net/images/GNAIE%20Comments%20on%20Capital%20Requirements%20ConsultationFinal.pdf>

Glossary

DFA - Dodd-Frank Act: Dodd-Frank Wall Street Reform & Consumer Protection Act of 2010 (July 15, 2010).

FSOC - Financial Stability Oversight Council (the “Council”); established by Section 111 of the DFA. The Council is charged with identifying threats to the financial stability of the United States; promoting market discipline; and responding to emerging risks to the stability of the United States financial system. The Council is chaired by the Treasury Secretary, has ten voting members including the Chairman of the Fed and the Chair of the SEC. The council will include three members with insurance experience, one of which will be a voting member.

Section 113, DFA - establishes a number of criteria for the FSOC to consider in making a determination on whether a company would be subject to supervision by the Board of Governors.

ANPR - Advance Notice of Proposed Rule Making; FSOC invites public comment on the criteria and analytical framework that should be applied by the Council in designating financial market utilities under the DFA.

FIO - Federal Insurance Office. The Federal Insurance Office will be housed within the Department of Treasury. Lacking regulatory authority, the office will monitor all facets of the insurance industry, excepting health insurance. It is tasked with coordinating industry policy, as well as coordinating international insurance concerns. In addition, "the office may receive and collect data and information on and from the insurance industry and insurers; enter into information-sharing agreements; analyze and disseminate data and information; and issue reports," said Treasury Deputy Secretary Wolin.

CFPB – Consumer Financial Protection Bureau. CFPB will assume consumer protection responsibilities currently handled by the OCC, OTS, FDIC, FED, National Credit Union Administration, Department of Housing & Urban Development, & the Federal Trade Commission. It will have examination & enforcement powers over banks and credit unions with assets over \$10 billion; mortgage-related businesses; payday lenders; student lenders; large debt collectors; and consumer reporting agencies. The CFPB does not have direct jurisdiction over insurers or insurance financial products and services, which will remain subject to state oversight. However, consumer protection oversight for the Fair Credit Reporting Act (FCRA) is being transferred to the CFPB, which will have a bearing on the use of credit scoring information for insurance scoring.

P& Insurers Coalition (the “Coalition”) – The Coalition consists of the following P&C insurers: ACE Group, Allstate Insurance Company, Liberty Mutual Group, Nationwide Insurance, State Farm Mutual Automobile Insurance Company, and United States Automobile Association.

BFC – Bank Holding Company. All BHCs with more than \$50 billion in assets are designated under the DFA as systemically important companies.

SIFI - Systemically Important Financial Institution

NBFC – Nonbank Financial Company

TBTF – Too Big To Fail

NAIC – National Association of Insurance Commissioners. The NAIC is the organization of state insurance regulators for all 50 of the United States, Washington D.C., and five U.S. territories.

SMI - NAIC’s Solvency Modernization Initiative. “The SMI is a critical self-examination of the U.S. insurance solvency regulation framework & includes a review of international developments regarding insurance supervision, banking supervision, and international accounting standards & their potential use in U.S. insurance regulation.” (NAIC Issues Brief – September 3, 2009)

RBC - Risk Based Capital. “The NAIC risk-based capital (RBC) system was created to provide a capital adequacy standard that is related to risk, raises a safety net for insurers, is uniform among the states, and provides regulatory authority for timely action. A separate RBC formula exists for each of the primary insurance types: Life, Property/Casualty, and Health. Each formula utilizes a generic formula approach rather than a modeling approach, although the Life RBC Formula has recently incorporated some modeling related to interest rate risk.” (NAIC Website)

FASB - Federal Accounting Standards Board. “Since 1973, the Financial Accounting Standards Board (FASB) has been the designated organization in the private sector for establishing standards of financial accounting that govern the preparation of financial reports by nongovernmental entities.” (FASB’s website)

Solvency II – updated set of regulations for insurance companies that operate in the EU (European Union).

IAIS - International Association of Insurance Supervisors. “Established in 1994, the IAIS represents insurance regulators and supervisors of some 190 jurisdictions in nearly 140 countries, constituting 97% of the world's insurance premiums. It also has more than 120 observers. Its objectives are to:

- Promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and to
- Contribute to global financial stability” (IAIS Website)

ORSA - Own Risk and Solvency Assessment. “The IAIS defines the ORSA as an assessment the insurer makes about the adequacy of the insurer’s risk management and current and likely future solvency position.”

IRMA - Individual Risk Management Assessment. NAIC’s version of the ORSA (the NAIC may be dropping this term and going back to ORSA or U.S. ORSA).