



**The Insurance Policy Advisory Committee (IPAC)**  
**Record of Meeting**  
February 23, 2021  
Washington, District of Columbia  
via Video Conference

## **1. Opening Comments**

The IPAC Secretary opened the meeting and welcomed existing and new IPAC members, including the newly elected Chair and Vice-Chair. New IPAC members provided introductions. IPAC Secretariat staff then discussed the IPAC's policies and procedures and noted that IPAC meetings will be held in a virtual format for the year while navigating through the Coronavirus Disease 2019 (COVID-19) pandemic.

## **2. International Association of Insurance Supervisors' (IAIS) Insurance Capital Standard (ICS): What are the views of IPAC members on the IPAC ICS working group's (WG) analysis of the potential impacts of the ICS?**

The IPAC ICS WG outlined its updated project timeline for publishing a paper to assess potential implications of the IAIS ICS reference method for the U.S. insurance industry, markets, and policyholders, with a specific focus on long duration life and annuity products. IPAC members discussed the paper's intended structure and publication strategy. Members weighed in on the communication plan for the paper. IPAC members expressed support for making the paper broadly available and not prioritizing access for certain members of the public over others.

## **3. COVID-19: What impact has COVID-19 had on the industry?**

IPAC members discussed the potential lasting impacts of the COVID-19 pandemic on the insurance industry, including the impacts of low interest rates; the work-from-home environment; and its impact on insurance claims, digitization trends, and the changing product landscape. Members stated that adoption of new technologies to transition to a more flexible work environment will be the lasting outcome and highlighted the resulting anticipated demand for new skills. Members expect that a growing demand for simpler insurance products will also arise from the pandemic and that interest in climate and social issues will intensify.

## **4. Additional Matters**

**Other IAIS Items:** IPAC Secretariat staff provided an update on the IAIS's 2021 plans and key initiatives, emphasizing those involving the Aggregation Method (AM), ICS, and related revisions to certain IAIS Insurance Core Principles. IPAC members expressed interest in the work and a desire to contribute to these subjects. Several IPAC members stressed the importance of both the mechanism used to compare capital requirements within the AM (i.e., scaling) and the planned revisions of the Insurance Core Principles. IPAC members also advised on aspects of the comparison between the AM and ICS, particularly regarding the time frame used to make the comparison. IPAC members were encouraged to provide any feedback on the IAIS's plans to cut travel longer term by 25 percent, including by making its annual Global Seminar virtual.

**Future IPAC Work:** Following completion of the IPAC's work advising on the Board's proposed Building Block Approach, it had capacity for one additional working group. Potential topics were solicited from IPAC members. Both climate change and the impact of low interest rates on the insurance industry had significant IPAC member support. Following a discussion, IPAC members voted to create an

Interest Rate Working Group (IR WG) to advise the Board on the impact of low interest rates on the insurance industry because of the close relationship between this subject and the Board's statutory mandates. While this work is ongoing, it was agreed that IPAC Secretariat staff would inquire as to particular aspects of climate risk on which the IPAC's advice would be most helpful to the Board. Climate risk would then be the likely subject of the next IPAC working group.

The IPAC Chair then thanked members for their engagement, encouraged them to volunteer to participate on the new IR WG, and closed the meeting.