



**The Insurance Policy Advisory Committee (IPAC)**  
**Record of Meeting**  
June 8, 2021  
Washington, District of Columbia

**1. Opening Comments**

The IPAC Chair and Vice Chair opened the meeting, welcomed members, and congratulated the IPAC Secretary on his recent promotion.

**2. Interest Rate Working Group (IR WG): What are the views of IPAC members on the IR WG’s analysis of the potential impacts of low interest rates on the insurance sector?**

The IR WG presented its analysis on the potential impacts of persistently low interest rates on the life and property and casualty (P&C) insurance markets. The analysis considered the effects on product availability, insurance company balance sheets, and reinvestment risk. Following a discussion, members voted to approve the use of the IR WG’s presentation at a future meeting with the Board’s Governors.

**3. International Association of Insurance Supervisors (IAIS) Insurance Capital Standard (ICS)**

**What input do IPAC members have as the IAIS develops comparability criteria for the ICS and Aggregation Method (AM)?**

IPAC members discussed the IAIS’s comparability assessment between the ICS and AM and high-level principles that will inform the criteria used to assess whether the AM provides comparable outcomes to the ICS. Some IPAC members viewed the AM as unlikely to meet these principles. Other IPAC members noted some subjectivity in the IAIS’s high-level principles (HLPs), particularly, HLP 3, stating that they should be evaluated on a qualitative basis.

**What are the views of IPAC members on the IPAC’s ICS working group’s (ICS WG) analysis of the potential impacts of the ICS?**

The ICS WG summarized its project milestones, responsibilities, and the timeline for publishing its paper on the potential implications of the ICS reference method on the U.S. industry, markets, and policyholders, with a specific focus on long duration life and annuity products. The ICS WG also presented its preliminary model results. IPAC members provided feedback on the paper’s content and offered recommendations for publishing the paper.

**4. Additional Matters**

IPAC Secretariat staff provided an update on near-term IAIS plans and initiatives, including the implementation of the Holistic Framework by determining the scope of the IAIS’s first “collective discussion” and IPAC members discussed the impact of Coronavirus Disease 2019. IPAC Secretariat staff also briefed members on final and draft publications from the IAIS, including the application papers on macroprudential supervision, resolution powers and planning, and the supervision of control functions as well as IAIS’s plan to release a draft issues paper on insurer culture and publish a special report on the macroprudential impacts of climate change on the insurance industry.

The IPAC Chair then thanked members for their participation and closed the meeting.