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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR
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August 5, 2022

Dean L. Cameron
President
National Association of Insurance Commissioners
444 North Capitol Street NW, Suite 700
Washington, DC 20001

Dear President Cameron:

Thank you for the response sent by the National Association of Insurance Commissioners (NAIC) to my letter dated March 16, 2022.¹ I appreciate NAIC's work dating back to 2013 tracking the rise of private equity firm acquisitions of life insurers.² NAIC's work, in consultation with the Federal Insurance Office (FIO), is critical to ensure policyholders are protected from the consequences of excessive risk-taking in the insurance industry.

In the response, the NAIC referenced the activities of the Macroprudential (E) Working Group (MWG) to assess evolving risk in life insurance markets with regard to both investments by private equity firms and traditional insurers. I appreciate the MWG's evaluation of existing procedures and requirements and the potential for updates to address gaps resulting from the increase in private equity and asset managers in insurance and the increase in private investments in insurers' portfolios.

Your response also discussed the activities of the NAIC Financial Stability (E) Task Force (FSTF), which focuses on risks to financial stability both on a domestic and global level as related to insurance. As you may have seen in FIO's response to my letter, FIO is concerned with the growth of offshore reinsurance markets and the potential for increased systemic risk across the financial system as a result of the growth of these markets.³ As the FSTF considers concerns surrounding liquidity stress testing and the prevention of insurer insolvencies, please work with FIO to better understand and evaluate the growth of offshore reinsurance markets and potential impacts on systemic risk on a domestic and global scale in the insurance industry.

I look forward to discussing these issues and broader insurance industry matters at an upcoming hearing before the Committee on Banking, Housing, and Urban Affairs.

¹ https://www.banking.senate.gov/imo/media/doc/brown_letter_on_insurance_031622.pdf.

² <https://content.naic.org/sites/default/files/government-affairs-letter-naic-pe-response-sen-brown-220531.pdf>.

³ https://www.banking.senate.gov/imo/media/doc/fio_85.pdf.

Sincerely,

A handwritten signature in blue ink that reads "Sherrod Brown". The signature is written in a cursive, flowing style.

Sherrod Brown