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**TO:** Members, Interested Regulators and Interested Parties of the Corporate Governance (EX) Working Group

**FROM:** Andrew Stolfi (IL), Chair of the Corporate Governance (EX) Working Group  
Jim Everett (NY), Vice Chair of the Corporate Governance (EX) Working Group

**DATE:** January 24, 2011

**RE:** Exposure of International Corporate Governance Standards; Request for Comment

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In 2010, the Corporate Governance (EX) Working Group adopted a project timeline to assist the Working Group in completing its assigned charges. In accordance with this timeline, in July 2010 the Working Group completed the development of a summary of state corporate governance law, including case law, to assist Working Group members in understanding the current legal framework applicable to insurers. *See* Attachment A. In addition, in October 2010 the Working Group developed a summary of corporate governance principles and standards placed upon insurers worldwide by using information available from the IAIS, Australia, Canada, Switzerland, and the U.K. After the Working Group reviewed this study, staff sought input from each of the countries studied to correct and finalize the document. Responses were received from each of the countries and incorporated into the updated study. *See* Attachment B. In addition to the Working Group's efforts to study corporate governance requirements in other countries, many of its members attended a presentation provided by the Bermuda Monetary Services Authority which highlighted its Insurance Code of Conduct. *See* Attachment C.

As the next stage of the project timeline is to create an initial draft of corporate governance principles to be used in U.S. insurance regulation, the Working Group plans to draw upon principles developed by the IAIS and other jurisdictions to assist in this process. As such, the Working Group is exposing the International Corporate Governance Study and Bermuda's Insurance Code of Conduct for public comment. Specifically, the Working Group seeks comments in regard to the following:

- Which principles and standards from these documents should be considered for use in U.S. insurance regulation;
- Which principles and standards adopted or under development by other jurisdictions should be considered for use in U.S. insurance regulation (please attach any documents referred to); and
- What general considerations should U.S. regulators take into account in developing corporate governance standards?

In developing comments for consideration by the Working Group, commentators should be cognizant of the new core principles and standards being developed by the IAIS (summarized within the International Corporate Governance Study), which will form the basis for the Financial Sector Assessment Program and may provide a means for other countries to determine U.S. equivalence. Comments should address how the NAIC can achieve substantial compliance with the IAIS standards (e.g. through the use of various principles/processes in place in other countries) without placing an overly excessive burden upon the insurance industry.

The deadline for comments to be submitted to the Working Group for use in the drafting of Corporate Governance principles is February 18, 2011. All comments should be sent to the NAIC staff support for the Working Group (Bruce Jenson) at [bjenson@naic.org](mailto:bjenson@naic.org). Thank you for your participation in this important project of the NAIC.

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