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Ms. Nikki Hall, Assistant Director
Center for Insurance Policy and Research
444 North Capitol Street NW
Suite 700
Washington, DC 20001

Ms. Michele Wong, NAIC Capital Markets Manager
One New York Plaza
Suite 4210
New York, NY 10004

Re: National Association of Insurance Commissioners and the Center for Insurance Policy and Research Request for Information on the U.S. Insurance Industry and Infrastructure Investments

Dear Ms. Hall and Ms. Wong:

The American Council of Life Insurers (ACLI)¹ greatly appreciates the opportunity to share its views on the NAIC/CIPR [request for information](#)² on the U.S. insurance industry and infrastructure investments. Our submission addresses the definition of infrastructure in the request for information and provides recommended modifications.

Background on the Request for Information (RFI)

According to the RFI, the NAIC and the CIPR are collaborating on a research study “aimed at discussing and clarifying topics surrounding infrastructure investments and determining the role of U.S. insurance companies as a source of infrastructure financing.” The RFI further explains that NAIC expects “to publish this research paper in mid-2020, which will define infrastructure, gauge the market size, analyze its historical performance and examine its treatment by state insurance regulators.”

During its September 15, 2019 teleconference on the RFI, the NAIC explained that it sought feedback on the definition of the term “infrastructure” by September 30, 2019, and that the other six RFI topics

¹ The American Council of Life Insurers advocates on behalf of 280 member companies dedicated to providing products and services that promote consumers' financial and retirement security. 90 million American families depend on our members for life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental and vision and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers' products for peace of mind. ACLI members represent 95 percent of industry assets in the United States.

² https://www.naic.org/documents/cipr_study_infrastructure_investments.pdf?85

would be evaluated under a separate timeframe that will be set during a mid-October teleconference. During the September 15, 2019 teleconference, the NAIC staff asked whether the definition of infrastructure should be expanded beyond U.S. investments to include international infrastructure.

ACLI's Recommended Modifications to the RFI Infrastructure Definition

Following analysis and input from ACLI's subject matter committees, we recommend the modifications below to the RFI's definition of infrastructure:

Physical assets that provide essential services (whether owned by sovereign, province, state, municipality or private development) and are typically supported by regulated and/or contracted revenues and/or tariffs. Assets can be either brownfield or greenfield in nature, or operating assets in need of improvement, and usually benefit from a strong market position, stable cash flows and/or successful operational track record. Below is a list of some of the sectors that are considered for infrastructure investment:

- **Transportation** – roads (streets and highways), bridges, tunnels, public transit, parking structures and meters, rail, rolling stock, airports and terminals, and maritime and inland waterway ports or terminals.
- **Broadband** (and other high-speed data and communication conduits, such as fiber optics).
- **Telecommunications** – wireless towers, networks, satellite networks, and data centers.
- **Waste Management** – wastewater, stormwater, solid waste, sewage, land revitalization or reclamation, Brownfields, and energy from waste facilities.
- **Power and Electric** – generation, transmission and distribution facilities, energy storage, micro-grids and vehicle electrification.
- **Water and Water Resources** – drinking water, wastewater, flood risk management (dams and levees), desalination, water supply and waterways.
- **Energy**—Pipelines, energy processing, distribution and storage, power generation, offshore infrastructure, production platforms, and LNG terminals.
- **Social**— Schools and universities, hospitals, student housing, civic centers, state municipal facilities, government buildings, social housing, stadiums, district heating and cooling, and other assets under public private partnership structures.

In response to the September 15, 2019 teleconference discussion, we note that for life insurers, the economic risk of infrastructure investments is the core priority, rather than the location of the investments. Accordingly, it is not necessary to differentiate between domestic or global investments in the definition. If, however, the NAIC planned to provide an incentive for domestic social

infrastructure investments, such as through RBC adjustments or other means, then it may be worthy of specifying that any incentives would be limited to domestic social infrastructure investments.

We greatly appreciate your attention to our views and look forward to further interaction with the NAIC and the CIPR on this research endeavor. If any questions develop, please let me know.

Sincerely,

Carl B. Wilkerson

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