INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

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IAIS Executive Committee confirms continued focus on addressing the impact of Covid-19 on the global insurance sector while advancing key IAIS projects

The IAIS Executive Committee (ExCo) participated in a series of webcasts during June 2020 to discuss a wide range of policy issues, progress key projects and refine the ongoing IAIS work programme in light of the Covid-19 pandemic.

The Covid-19 pandemic has underscored the importance of a resilient insurance sector – both to provide financial support and reduce uncertainty for people and businesses in times of need and as a significant institutional investor, helping to fund economic recovery. Insurers and supervisors remain vigilant to risks and vulnerabilities stemming from the pandemic, with a focus on ensuring that the sector remains financially and operationally resilient.

The International Association of Insurance Supervisors (IAIS) recently held its virtual Committee meetings, stakeholder dialogue and Chief Risk Officer (CRO) roundtable, discussing a wide range of policy issues, progressing key projects and refining the ongoing IAIS work programme in light of the Covid-19 pandemic.

During its 23–24 June meeting, ExCo approved:

Application Paper on Liquidity Risk Management

- As part of its holistic framework for the assessment and mitigation of systemic risk in the global insurance sector (Holistic Framework), the IAIS identified liquidity risk as a key insurance market exposure that may lead to a systemic impact. The Application Paper on Liquidity Risk Management describes a set of approaches to the supervision of liquidity risk management as part of an insurer's Enterprise Risk Management. Specifically, it provides guidance on the practical application of supervisory material related to liquidity risk management discussed in Insurance Core Principle (ICP) 16 (Enterprise Risk Management for Solvency Purposes).

Register of Internationally Active Insurance Groups

- Following the approval in November 2019 of ComFrame – a comprehensive and outcome-focused framework aimed at facilitating effective group-wide supervision of Internationally Active Insurance Groups (IAIGs) – the IAIS has published a register of IAIGs based on the names of IAIGs publicly disclosed by Group Wide Supervisors (GWS) as of 1 July 2020. The Register is accompanied by information on its completeness, including a comparison of the number of publicly disclosed IAIGs with the total number of IAIGs that have been identified by GWSs. Out of those 48 identified IAIGs, 30 IAIGs have been publicly disclosed by GWSs from 11 jurisdictions.

- The Register will be regularly updated, based on information received from GWSs on any changes and new disclosures. The IAIS encourages those GWSs that have not yet disclosed the identification of IAIGs to continue their efforts and publicly disclose this information at the earliest opportunity.

Peer Review of ICP 4, ICP 5, ICP 7 and ICP 8

- Robust assessment of implementation of the IAIS supervisory material is critically important to supporting effective and globally consistent supervision. The IAIS undertakes regular thematic assessments through its Peer Review Process in support of these objectives. The IAIS has now published the results from its most recent thematic assessment, which focused on the thematic topic of Corporate and Risk-Governance, which includes ICP 4 (Licensing), 5 (Suitability of Persons), 7 (Corporate Governance) and 8 (Risk Management and Internal Controls). Seventy authorities participated in the PRP.

Member Review of Morocco

- This report provides a detailed assessment of the implementation of all ICPs in the Kingdom of Morocco. The Member Review of Morocco is the second pilot of the IAIS' Member Assessment Process (MAP). The MAP pilots explore which approaches can best provide a credible and comprehensive assessment of the implementation of the ICPs and how such a tool can support the IAIS' implementation objectives.

In light of the ongoing uncertainty of the duration and extent of the Covid-19 pandemic, the ExCo made additional refinements to its work programme for 2020 and 2021 and will prepare and publish an update of its 2020–2021 Public Roadmap. Further, the ExCo agreed:

- All in-person IAIS Working Group and Committee meetings for the remainder of 2020 will be held virtually; and
- The September ExCo Retreat will focus on a strategic discussion concerning the longer-term implications of the Covid-19 pandemic on IAIS activities.

The ExCo also held two far-ranging discussions with a broad group of stakeholders to examine the critical issues affecting the insurance sector due to Covid-19:

ExCo Stakeholder Dialogue, 25 June 2020

- The ExCo Dialogue provided an interactive virtual format for the IAIS to share information on its 2020–2021 Roadmap activities and exchange perspectives with stakeholders on the impact of Covid-19 on their current and future focus, as well as discuss critical issues and trends related to or accelerated by the pandemic. Stakeholder input will be used to inform the IAIS future work programme. Over 350 stakeholders joined the event. The replay is now available.

CRO Roundtable, 30 June 2020

- The CRO Roundtable provided an opportunity for ExCo members to engage with a representative cross-section of CROs from IAIGs and exchange views on the supervisory and policy responses to Covid-19 to date, as well as to reflect on the key risks and vulnerabilities facing the sector in the coming months. Input from this Roundtable will inform the IAIS' forward-looking qualitative assessment of risks, to

complement our targeted Covid-19 data collection from individual insurers and supervisors.

Looking ahead, the IAIS will continue to assess and address the implications of Covid-19 on the global insurance sector and actively coordinate with the Financial Stability Board (FSB) and other standard-setting bodies on cross-cutting financial system issues. Further steps will be taken, as necessary, to coordinate the actions taken by IAIS Members to mitigate the impact of Covid-19 on the insurance sector, while concurrently ensuring such actions do not roll back regulatory reforms or compromise the underlying commitment to the finalisation and implementation of international standards to safeguard policyholders and contribute to the maintenance of financial stability.

About the IAIS

The IAIS is a global standard-setting body whose objectives are to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability. Its membership includes insurance supervisors from more than 200 jurisdictions. For more information, please visit www.iaisweb.org.