



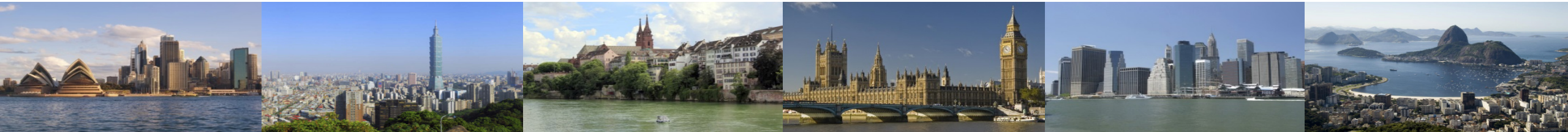
IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

IAIS Town Hall

Sustainable Insurance: Emerging Risks, Trends and Opportunities

3 December 2020



Agenda

Sustainable Insurance: Emerging Risks, Trends and Opportunities

- ExCo Chair open remarks
- Secretary General remarks - Key themes for 2021
- Update from Chairs of the IAC, MPC and PDC
- Update from ExCo Chair and Vice Chairs
- Q&A session
- Distinguished Fellows

2020: year in review

Responding to Covid-19 and maintaining momentum on implementation of agreed reforms

- Covid-19 highlights the importance of implementing agreed reforms
- Insurance sector acted as a shock absorber, rather than an amplifier of vulnerabilities
- Continued good progress on key emerging and accelerating themes

Key themes for 2021

Supporting a resilient insurance sector

- Risk assessment
- Finalisation and implementation of key reforms (Holistic Framework, ICS)
- Peer exchange and supervisory guidance on emerging/ accelerating trends
 - Technological innovation and cyber risk
 - Climate risk
 - Financial inclusion and sustainable development
- Implementation support and assessment

Implementation and Assessment Committee

Assessment and Implementation Monitoring

Member Assessment Process (MAP):

- MAP Morocco was finalised. Final report approved for publication
- MAP Mexico is ongoing

Peer Review Process (PRP):

- PRP on ICPs 4, 5, 7 and 8 was finalised. Aggregate Report approved for publication.
- PRP on ICP 19 is ongoing and will be finalised in 2021

Implementation and Assessment Committee

Assessment and Implementation Monitoring and Supervisory Cooperation

Holistic Framework Implementation Assessment (HF-IA)

- Baseline assessments were carried out in 2020 for 25 jurisdictions
- Targeted jurisdictional assessments are scheduled for 2021/22 for 10 jurisdictions
- Steps to further implement the Holistic Framework supervisory material are in process in the majority of jurisdictions

IAIS MMoU

- 75 Signatories - two joined in 2020
- Signatories now cover 76% of global insurance market
- Continued interest from IAIS Members - including those from EMDEs

Macroprudential Committee

Covid-19 targeted assessment

- The Global Monitoring Exercise (GME) is IAIS' framework to assess global insurance market trends and developments and detect the possible build-up of systemic risk in the global insurance sector
- 2020 GME was repurposed to assess impact of Covid-19 on the sector
- **High-level results:**
 - Main impact on asset side, impacting profitability and solvency
 - Insurers remained operationally and financially resilient
- More detailed results published in December: **2020 GIMAR, Covid-19 edition**
- **Looking ahead:**
 - High degree of uncertainty about duration and impact of Covid-19
 - Potential vulnerabilities: credit quality fixed income portfolios and deepened low interest environment

Macroprudential Committee

Operationalising the holistic framework

The IAIS made considerable progress in developing further material to support the implementation of the Holistic Framework

Liquidity Risk Management

Application Paper on Liquidity Risk Management, including:

- Liquidity risk stress testing
- Contingency funding planning
- Liquidity risk management report

➤ [Access Paper on IAIS website](#)

Liquidity Metrics

- The IAIS is developing liquidity metrics as an ancillary indicator in the GME Individual Insurer Monitoring.
- On 9 November, we published a consultation on one such metric, using an exposure approach.

➤ [Access consultation on IAIS website](#)

Macroprudential Supervision

Application Paper to support implementation of ICP 24 (currently in development):

- Macroprudential data collection and analysis
- Assessing systemic importance
- Supervisory response
- Transparency

➤ Public consultation: March 2021

Policy Development Committee

Development of the ICS and implementation ComFrame

ICS Version 2.0 for the Monitoring Period

- Level 1 Document published in November 2019, Level 2 Document published in March 2020, Level 3 Documents published in June 2020
- ICS Data Collection and AM Data Collection (launched in April 2020)
- Documents for supervisory college discussions of the ICS will be circulated to group-wide supervisors later in 2020
- Collection of investment information (infrastructure and strategic equity) (two stocktake questionnaires launched in September 2020)

Implementation of ComFrame

- Monitoring of the identification of IAIGs by group-wide supervisors
- Publication of the register of IAIGs publicly disclosed by the group-wide supervisors (July 2020)
- Initial discussion on the timing of the assessment of ComFrame implementation (October 2020)

Policy Development Committee

Developing supporting material and changes in the Subcommittees structure

Supporting material

- Issues Paper on the Use of Big Data Analytics in Insurance
 - Published in March 2020
- Application Paper on Resolution Powers and Planning
 - Draft under public consultation until 5 February 2021
- Issues Paper on Insurer Culture
 - Work in progress, scheduled for public consultation in 2021

Establishment of new Subcommittees

- Infrastructure Task Force
- Operational Resilience Task Force

Draft definition of comparable outcomes and high-level principles

- Draft definition of comparable outcomes agreed and published in November 2019, along with an overarching approach (ie areas of focus) to guide the development of high-level principles and criteria
- Recent work has focused on transforming the areas of focus into high-level principles to inform that will be used to assess whether the AM provides comparable outcomes to the ICS
- Due to the Covid-19 pandemic, the consultation was rescheduled in order to provide operational relief to member supervisors, insurers and other stakeholders
- Future work: more detailed criteria will be developed for each high-level principle and in such a manner that the AM is neither precluded at the outset as an outcome equivalent approach to the ICS for measuring group capital, nor given a free pass.