

Newsletter

January 2021

Issue 101



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

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From the Secretary General

As the IAIS finalises its 2021-2022 Roadmap, one underlying theme is the leadership role insurers, supported by supervisors, have to play in the recovery from the Covid-19 pandemic.



The [IAIS Global Insurance Market Report](#) shows that to date, the insurance industry has remained resilient. Financial stability is a necessary condition for recovery, but it alone is not sufficient. The pandemic has highlighted key leadership challenges and provides learnings for the insurance sector, each of which the IAIS will look to address in its work programme in the coming years:

- Protection gap – economic resilience can only be maintained when protection gaps, including for pandemic risk, are properly tackled. Finding solutions will be a complex task, requiring a multi-stakeholder approach, underpinned by objectives of greater social solidarity and addressing inequality.
- Long tail-risks – the pandemic was a stark example of how tail risks can crystallise,

further underscoring the need to move rapidly from awareness to action on such long-tail risks as climate change and hostile cyber activity.

- New ways of doing business – the pandemic has been an accelerant for digital transformation and the move to a virtual environment. Supervisors are having to accelerate their own efforts to create an enabling environment for the introduction of innovative solutions, while also maintaining sufficient safeguards.
- Conduct risk – we have seen an increased focus on treating customers fairly at a time of heightened vulnerability for policyholders, with the impact of Covid-19 highlighting the interconnections between conduct and prudential risk, including the importance of maintaining confidence and trust in the insurance sector.
- Risk-based supervision – initial feedback is that insurers operating in risk-based solvency regimes were better able to respond to the challenges of Covid-19. The IAIS will be supporting supervisors from emerging markets and developing economies in their transition to risk-based solvency regimes as a fundamental building block for effective insurance supervision.
- Cooperation – the pandemic has highlighted the real benefits of effective cross-border supervisory cooperation and information sharing in maintaining financial stability and effective supervision of internationally active insurance groups.

The insurance sector is being called upon to be front and centre in helping to build a more resilient and equitable future, at a time when both insurers and supervisors look to be more innovative and agile in how they operate. These forces create the foundation for significant strides in achieving the IAIS' strategic objectives in the next few years, built on strong cooperation and collaboration among our Members and with our stakeholders.

Jonathan Dixon, Secretary General



For more information or to subscribe to the newsletter and e-mail alerts, please visit www.iaisweb.org.
Comments and suggestions are always welcome.

In Focus...

Implementation Assessment of the Supervisory Material of the Holistic Framework

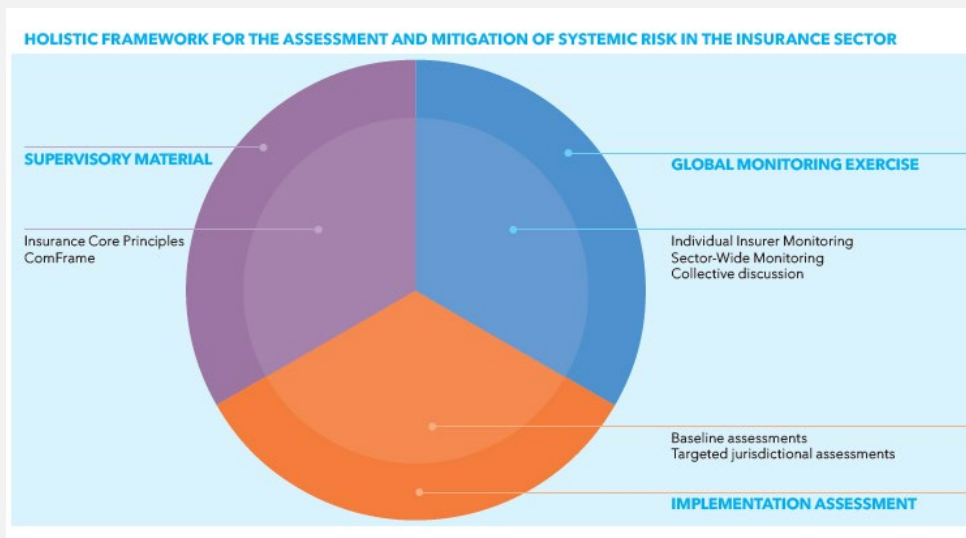
By Manuela Zweimueller, Head of Supervisory Practices, and Hanne van Voorden, Senior Policy Adviser

The Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector (“Holistic Framework”) is an integrated set of supervisory policy measures, a global monitoring exercise and implementation assessment activities aimed at identifying, assessing and mitigating the potential build-up of systemic risk in the global insurance sector. It recognises that systemic risk may arise from the distress or disorderly failure of an individual insurer and the collective exposures and activities of insurers at a sector-wide level. IAIS Members’ comprehensive and consistent implementation of the relevant supervisory material is key to support the assessment and mitigation of systemic risk and critical for supporting financial stability.

In 2020, Covid-19 caused an unprecedented pandemic to spread worldwide, significantly impacting societies, health systems and economies. Whilst the pandemic is not considered a black swan event for the insurance industry (after SARS, MERS and H1N1 more than a decade ago), it is seen as a genuine systemic risk. The Holistic Framework, and in particular the global monitoring exercise, had a litmus test to pass in its first year. Under these circumstances, insurance supervisors’ implementation of the agreed enhanced policy measures became even more important in addressing the build-up of systemic risk. This article describes the implementation assessment activities and their outcomes in 2020.

Key elements of the Holistic Framework

The key elements of the Holistic Framework are:



- **Supervisory material:** An enhanced set of supervisory policy measures for macroprudential purposes, designed to increase the insurance sector’s overall resilience and help prevent insurance sector vulnerabilities and exposures from developing into systemic risk. When a potential systemic risk is detected, supervisory powers of intervention enable a prompt and appropriate response.
- **Global monitoring exercise:** The IAIS global monitoring exercise is designed to assess global insurance market trends and developments and detect the possible build-up of systemic risk in the global insurance sector. At an individual insurer and sector-wide level, this includes a collective discussion at the IAIS on the assessment of potential systemic risks and appropriate supervisory responses and reporting to the Financial Stability Board (FSB) on the outcomes of the global monitoring exercise.
- **Implementation assessment:** An IAIS assessment of the globally consistent and effective implementation of enhanced supervisory policy measures and powers of intervention.

Implementation assessment

The IAIS' robust and credible assessment of the consistent implementation of supervisory policy measures and powers of intervention amongst its Members is the key final element of the Holistic Framework. This is critical for supporting financial stability – as the potential build-up of systemic risk may be global in nature, so should there be a globally consistent and effective application of policy measures aimed at assessing and mitigating these risks.

The IAIS' Holistic Framework implementation assessment approach builds on the existing methodology for assessing the implementation of the Insurance Core Principles (ICPs) and Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame). The assessment covers the Holistic Framework-relevant supervisory material outlined in the ICP and ComFrame standards in ICPs 1, 10, 12, 15, 16, 20, 23, 24 and 25. These standards mainly encompass the following themes: the role of the supervisor, macroprudential supervision, enterprise risk management, investments, disclosure, crisis management and planning, and corrective and preventive measures (ie powers of intervention).

"The Holistic Framework, and in particular the global monitoring exercise, had a litmus test to pass in its first year"

The Holistic Framework implementation assessments are proceeding in phases, beginning with a baseline assessment (BLA) in 2020, followed by more intensive targeted jurisdictional assessments (TJAs) from 2021, entailing more in-depth verification of supervisory practices.

Baseline assessment

The BLA aims to determine the extent to which supervisors have already implemented the Holistic Framework supervisory material, effectively establishing a baseline level of implementation. Assessment tools include a questionnaire, an expert review and a supervisor-issued report on their plans to address any implementation gaps. Jurisdictions that are expected to participate in the Global Monitoring Exercise – Sector-wide Monitoring (GME SWM) are also expected to participate in the BLA. In addition, jurisdictions not meeting these criteria may volunteer to participate in the BLA.

The BLA questionnaire was launched in May 2020. Responses were received from 25 jurisdictions, covering more than 90% of the global insurance market and representing a geographically balanced group.

The public report is intended to be published in March. Preliminary insights are:

- Overall, participating jurisdictions have started to implement the relevant supervisory material, with a good level of observance of the Holistic Framework-related standards in all regions of the IAIS membership;
- The level of observance of ICP standards is generally higher than that of the ComFrame standards, which is to be expected given that ComFrame was only adopted in November 2019; and
- Analysis of gaps in observance and steps to further implement the Holistic Framework supervisory material are in process in the majority of jurisdictions.

Targeted jurisdictional assessments

In the second phase of the implementation assessment, the IAIS will follow a risk-based approach to the TJAs, guided by the following key design elements:

- **Scope of standards:** In a principles-based and pragmatic approach, all standards that contain material specifically related to the Holistic Framework will be assessed, guided by the need for more in-depth verification of standards that relate to supervisory practices. Furthermore, BLA

outcomes, as well as any other additional available information of relevance (such as IMF Financial Sector Assessment Program (FSAP) reports), will be considered.

- **Scope of jurisdictions:** A combination of quantitative criteria to reflect the relevance of the insurance market (specifically, the size of the market reflected by gross written premium and the number of Internationally Active Insurance Groups (IAIGs) for which the jurisdiction is the group-wide supervisor) and qualitative criteria to reflect regional balance has resulted in the inclusion of ten jurisdictions¹ for the upcoming TJAs.
- **Assessment approach:** The assessments will be executed according to three thematic cycles, covering all themes relevant to achieving the Holistic Framework's objectives.

The preparatory work of the TJAs has begun. A report, including detailed assessment results for each assessed jurisdiction, will be shared with the FSB by November 2022, following which a public report will be issued.

Next steps

With the adoption of the Holistic Framework in November 2019, the path for IAIS activities for the subsequent three years was set out, covering an annual global monitoring exercise and the assessment of implementation of the Holistic Framework supervisory material. In November 2022, the FSB will review the need to either discontinue or re-establish an annual identification of Global Systemically Important Insurers (G-SIIs). The outcomes of the implementation assessment activities will feed into this overall review by the FSB.

In parallel, further work continues to complement the existing Holistic Framework-relevant supervisory material with supporting material that provides further guidance on effective supervisory practices. This includes the following papers, with public consultations currently taking place, or scheduled to take place shortly:

- [Draft Application Paper on Resolution Powers and Planning. Feedback requested by 5 February 2021.](#)
- [Development of Liquidity Metrics: Phase 1 – Exposure. Feedback requested by 7 February 2021.](#)
- Draft Application paper on Macroprudential Supervision. Planned to be published for consultation in March 2021.

The identification and public disclosure of IAIGs by relevant group-wide supervisors (GWSs) is also an important component of the Holistic Framework. To date, 48 IAIGs have been identified by relevant GWSs from 16 jurisdictions. Out of those 48 IAIGs, 35 IAIGs have been publicly disclosed by relevant GWSs from 13 jurisdictions. 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.

The Holistic Framework, appropriately implemented, is expected to provide an enhanced basis for assessing and mitigating systemic risk in the insurance sector to support the IAIS mission to contribute to global financial stability. As such, the participation of jurisdictions in the implementation assessment process is key to achieving this goal.

Links: [Holistic Framework documents](#)

For more information contact: manuela.zweimueller@bis.org

¹ Canada; China; China - Hong Kong; France; Germany; Japan; the Netherlands; Switzerland; UK; and USA

**News
Updates****Cyber Risk Underwriting: Identified Challenges and Supervisory Considerations for Sustainable Market Development**

Cyber risk is a key strategic theme at the IAIS. In support of understanding key cyber underwriting risks, the IAIS appointed a Cyber Underwriting Small Group (CUSG) of experts from its Member supervisors and the OECD to consider how supervisory practices can foster sustainable cyber risk underwriting. The IAIS has now published the report, which can be found here: [Cyber Risk Underwriting: Identified Challenges and Supervisory Considerations for Sustainable Market Development](#).

The report highlights that cyber underwriting practices are not yet optimal, particularly due to challenges relating to the measurement of cyber risk exposures and clarity of policy contracts, which may lead to loss accumulation.

Cyber insurance presently constitutes a relatively small portion of the overall insurance market, yet there are supervisory concerns about non-affirmative coverage and risk accumulation, with the potential for catastrophic loss across sectors. While there is supervisory awareness of the challenges posed by cyber insurance and growing supervisory attention to the risks, with few exceptions, supervisors have not yet issued specific guidance to (re)insurers on cyber risk underwriting, as they rely on existing guidelines and recommendations on risk management. Likewise, supervisory reporting on cyber underwriting is not yet widespread and comprehensive, even in jurisdictions with established regulatory reporting.

Report signals cyber risk is on the rise

Cyber-related risks have grown in recent years, amplified by the evolution of technology and exemplified by incidents such as NotPetya, WannaCry and other malware and data breaches. More recently, in response to the Covid-19 pandemic, many organisations and firms worldwide switched to large-scale remote work operations in the early months of 2020, and online traffic and business increased, also leading to increased cyber incidents.

Alongside the increase in cyber risk, the cyber insurance market has also grown significantly in recent years. Increased cyber insurance is expected to bring benefits in the form of greater policyholder awareness and stronger risk management practices, which will benefit the economy at large.

Cyber risk is a key theme of the IAIS' 2020-2024 Strategic Plan

The IAIS will pursue further work on this topic and focus on facilitating the monitoring, understanding and assessment of cyber risk underwriting exposure and impact and assisting supervisors in building relevant capacity to review cyber risk underwriting practices and exposure.

To access Cyber Risk Underwriting: Identified Challenges and Supervisory Considerations for Sustainable Market Development please click [here](#).

For more information contact: conor.donaldson@bis.org

IAIS Reports on Impact of Covid-19 Pandemic on the Global Insurance Sector

The 2020 [Global Insurance Market Report](#) (GIMAR), which discusses the impact of Covid-19 on the global insurance sector from a supervisory perspective, was published in late December.

The report shows that the global insurance industry has remained both operationally and financially resilient to the shocks triggered by Covid-19, yet uncertainties remain for the future outlook. It also highlights the variety of measures supervisors have taken in response to the pandemic.

The analysis focused on the impact of Covid-19 according to five key themes:

- **Solvency** – A slight decline in solvency was reported. Insurers' available capital resources generally remained well above requirements.
- **Profitability** – Through decreasing investment revenues, Covid-19 has put pressure on profitability, mainly for life and composite insurers.
- **Liquidity** – The impact on liquidity positions has been limited, aided by monetary support measures, with no concerns raised regarding the sector's ability to fulfil obligations in the first half of 2020.
- **Assets** – The main impact on the asset portfolios of insurers was driven by an initial decline in value and/or holdings of equity portfolios and an increase in cash holdings.
- **Liabilities and underwriting** – The impact on insurers' liabilities and underwriting is highly heterogeneous. Certain lines of business are (very) negatively impacted by Covid-19, while insurers with more diversified portfolios report they were able to (partly) offset this negative impact as claims in other business declined significantly.



Read more in the press release [here](#). To access the GIMAR report please click [here](#).

For more information contact: nicolas.colpaert@bis.org

Launch of Member Survey on Use of Key Indicators to Assess Conduct of Insurers

On 11 December, the IAIS launched a Member survey on the use of key indicators and data gathering techniques to assess the conduct of insurers. The objective of the survey is to obtain a broad view of current practices and challenges relating to the collection and use of data for conduct supervision purposes.

The survey forms part of a stocktake exercise undertaken by the Market Conduct Working Group (MCWG) to help inform the development of a future Application Paper. The Application Paper will aim to provide guidance to supervisors on the identification, collection and use of specific types of quantitative and qualitative indicators to assess the delivery of conduct outcomes by insurers, in line with Insurance Core Principle (ICP) 19.

The survey is open to IAIS Members only. The deadline for the survey is **2 February 2021**. More information can be found on the IAIS Members' Extranet [here](#).

For questions regarding the survey contact the Secretariat at iais@bis.org.

Public Session on Corporate Governance and Conduct-Related Topic

On **10 February, from 12:30pm to 2pm CET** (Basel time), the IAIS will host a public session via webinar to provide an update on activities of the Governance Working Group and gather feedback on key matters of interest. The session will include:

- Presentation of the Working Group's projects, including development of *the Issues Paper on Insurer Culture* jointly with the Market Conduct Working Group; and
- Public background session on the draft [Application Paper on Supervision of Control Functions](#), recently published for consultation.

The webinar will provide interested stakeholders with background on the relevant projects and activities, their scope, contents and objectives. There will also be opportunity for questions and answers.

To participate in the webinar, please register [here](#).

To view the consultation documents related to the Application Paper, as well as the link to the consultation tool for submitting feedback, click [here](#). Comments are due by 26 March 2021.

For questions regarding the consultation or the public session, please contact iais@bis.org.

Welcome Superintendencia de Seguros de la Nacion Argentina to the IAIS Multilateral Memorandum of Understanding!

The Argentinian insurance regulator, [Superintendencia de Seguros de la Nacion Argentina](#), has become a signatory of the International Association of Insurance Supervisors' (IAIS) Multilateral Memorandum of Understanding (MMoU).

The IAIS MMoU provides a global framework of compliance and confidentiality to allow for open cooperation and exchange between insurance supervisors. Through membership in the MMoU, supervisors are able to exchange relevant information and provide assistance to other signatories, thereby promoting the financial stability and sound supervision of cross-border insurance operations for the benefit and protection of consumers.

To become a signatory to the MMoU, applicants undergo a rigorous assessment of their professional secrecy regimes, conducted by an independent team of IAIS Members.



Since the first jurisdiction was admitted in June 2009, the number of members has grown significantly to 76 signatories, representing approximately 76 percent of worldwide premium volume.

A complete list of international signatories and a copy of the MMoU can be found on the IAIS website by clicking [here](#).

Read more in the press release [here](#).

For questions regarding the MMoU, please contact yasuaki.ohara@bis.org.

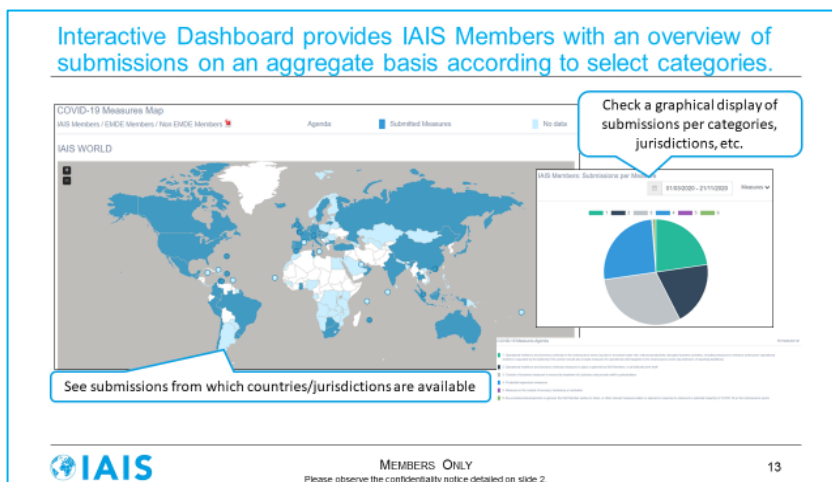
User-friendly Database of Covid-19 related Policy and Supervisory Measures is now Live

Helping our Members respond to Covid-19 has been a key priority for the IAIS since the beginning of the pandemic.

On 18 December 2020, the IAIS launched an enhanced **IAIS Covid-19 database**, which captures supervisory and regulatory measures in response to Covid-19, based on the responses that Members have shared since the launch of the IAIS survey in mid-March 2020. The new database allows for more streamlined information sharing and also provides Members with a more efficient and effective way of managing submissions and searching for measures.

The database currently contains submissions from approximately 70 IAIS Members.

The online database is available to IAIS Members only and can be found at the IAIS Members Extranet [here](#).



A presentation and guide to the database (Members only) can be found [here](#).

For questions or assistance contact: IAISCovid19supervisoryresponses@bis.org

Training Opportunity: Leadership and Diversity Program for Regulators

Our partners, the [Access to Insurance Initiative \(A2ii\)](#), together with InsuResilience Global Partnership are jointly sponsoring a Leadership and Diversity Program for Regulators. It will be taught by Women's World Banking and a faculty from Oxford University's Saïd Business School.

The programme aims to support high-potential women from insurance supervisors and regulators in developing policies that close the gender gap in inclusive insurance and in developing women's leadership capacity in their regulatory organisations.

The scholarship will cover six applications. For more information click [here](#).

Stakeholder Engagement

Update on IAIS Consultations

In October and November 2020, the IAIS launched the following public consultations:

- [Draft Application Paper on the Supervision of Climate-related Risks in the Insurance Sector](#), developed jointly with the Sustainable Insurance Forum (SIF), closed for comments on 12 January 2021.
- [Draft definition of comparable outcomes and high-level principles to inform the criteria that will be used to assess whether the AM provides comparable outcomes to the ICS](#), closed for comments on 22 January 2021.

Thank you to all stakeholders for the valuable comments on the consultation documents. We will consider the feedback from the public consultations as we finalising the Application Paper and the high-level principles to inform the criteria that will be used to assess whether the Aggregation Method provides comparable outcomes to the Insurance Capital Standard.

Three additional consultations have deadlines for providing feedback approaching soon:

- [Development of Liquidity Metrics: Phase I – Exposure Approach](#) – comments due 7 February 2021
- [Application Paper on Resolution Powers and Planning](#) – comments due 5 February 2021
- [Application Paper on Supervision of Control Functions](#) – comments due 26 March 2021

Meetings and Events

Upcoming IAIS Meetings: February - March 2021

In line with the decision taken at the November 2020 Executive Committee meetings, all in-person IAIS meetings until May 2021 will be replaced with virtual meetings, as appropriate.

Members should visit the IAIS website at www.iaisweb.org for the latest updates. The following groups are scheduled to meet virtually between February and March 2021:

Date	Group
February	
8-9 February	Capital, Solvency and Field Testing Working Group (CSFWG)
10 February	Public session on Activities of the Governance Working Group (GWG)
17 February	Insurance Groups Working Group
17 February	Operational Resilience Task Force (ORTF)
17 February	Resolution Working Group
18 February	Insurance Capital Standard and Comparability Task Force
19 February	Macroprudential Monitoring Working Group
22 February	Insurance Groups Working Group
23 February	Implementation & Assessment Committee
25 February	Policy Development Committee
March	
1 March	Macroprudential Committee
2 March	Audit and Risk Committee
3-4 March	Executive Committee
4 March	Accounting & Audit Working Group

11 March	ORTF
17-18 March	CSFWG
18 March	Budget Committee
TBC	GWG
TBC	Market Conduct Working Group (MCWG) and GWG joint call
TBC	MCWG

Stakeholder Meetings

For information about any planned stakeholder meetings, please visit the Stakeholder Meetings page of the IAIS website by clicking [here](#).

Meet our Staff

New Newsletter section to showcase IAIS staff

With the arrival of the New Year, the IAIS will be adding a new permanent section to its monthly Newsletter! This section, entitled “Meet our Staff”, will showcase our highly qualified colleagues, sharing their personal contributions to the IAIS’ projects and activities and giving insight into their work in progress. In addition, we will use this section to update readers on staff changes and introduce incoming talent. Although our staff is skilled in multitasking, we are keen to keep this section focused on one highlight per month. We hope readers will enjoy this window into our Association.

Our first edition introduces Ruby Garg, the Association’s new Senior Risk and Operational Resilience Advisor.



Name: Ruby Garg

Current role: Senior Risk and Operational Resilience Advisor

Time with the IAIS: New starter, as of 1 January 2021

Last employer: Basel Committee on Banking Supervision (BCBS) Secretariat

Favourite pastimes: In her spare time, Ruby enjoys skiing and sailing.

January highlight:

The IAIS is pleased to announce the appointment of Ruby Garg as the Association’s new Senior Risk and Operational Resilience Advisor who will be supporting our internal and policy work related to operational risk and resilience.

Ruby joined the IAIS Secretariat on 1 January. In her first month, she has already held an Operational Resilience Task Force (ORTF) meeting on 27 January, in which members discussed the ORTF’s mandate and 2021/22 workplan.

Ruby joins us from the Basel Committee on Banking Supervision (BCBS) Secretariat, where she mainly supported the work of the BCBS groups on accounting and definition of capital, as well as supporting work on stress testing and implementation. Prior to this, she was the Director of Accounting Policy at the Office of the Superintendent of Financial Institutions (OSFI) in Canada, where she supported the development of accounting standards such as IFRS 9.

Ruby holds a Canadian Chartered Accounting Designation and Bachelors of Business Administration.

Appointments of Chairs and Vice-Chairs

The Executive Committee recently appointed Ricardo Garcia (Bermuda) as a Vice Chair of the Policy Development Committee (PDC).

The Selection Committee recently appointed Katherine Jane (Guernsey) as Chair of the Standards Assessment Working Group (SAWG).

Committee and Subcommittee Activities

Committee Activities

Note: all meetings were held via video- or teleconference in light of Covid-19. This will continue until May 2021 as per the decision of the IAIS Executive Committee.

Executive Committee

The Executive Committee (ExCo) met on 14 December. At this meeting ExCo:

- Appointed Ricardo Garcia (Bermuda) as Vice Chair of the Policy Development Committee;

- Agreed on the Association issuing a public statement in support of the IFRS Foundation's proposal to develop global sustainability standards; and
- Agreed to publish a Report on Sustainable Cyber Underwriting.

Secretariat support: malene.duncan@bis.org

Subcommittee Activities

Capital, Solvency and Field Testing Working Group

The Capital, Solvency and Field Testing Working Group (CSFWG) met on 17 December to continue discussions on the aggregated results of the 2020 Insurance Capital Standard (ICS) data collection and ICS material to support supervisory college discussions. Subsequently, ICS material (both for the reference ICS and additional reporting) was provided to group-wide supervisors to facilitate discussions in supervisory colleges. CSFWG again met virtually on 21 January to discuss the aggregated results of the 2020 ICS data collection, as well as the 2020 Aggregation Method (AM) data collection.

CSFWG will next meet 8-9 February to continue discussion of results of the data collections and

proposed revisions to address unintended consequences or fatal flaws for the 2021 ICS data collection. A Volunteer Workshop is planned for February 2021 to discuss results of the 2020 ICS data collection.

Secretariat support: romain.paserot@bis.org and danita.pattimore@bis.org

Financial Crime Task Force

The Financial Crime Task Force (FCTF) met on 21 January to discuss the draft revised Application Paper on Combating Money Laundering and Terrorist Financing.

The draft revised Paper is planned to be published for public consultation in May 2021.

Secretariat support: yasuaki.ohara@bis.org

Infrastructure Task Force

The Infrastructure Task Force (ITF) met on 15 December for an initial high-level review of responses to the stock-take surveys (Member and Public) submitted by the deadline of 7 December. More in-depth analysis of the responses will take place in early-2021.

The ITF also made progress with the specifications of the 2021 supplementary data collection on infrastructure and strategic equity, as part of the ICS data collection.

Secretariat support:
manuela.zweimueller@bis.org and
aurelien.cosma@bis.org

Macroprudential Monitoring Working Group

The Macroprudential Monitoring Working Group (MMWG) met on 27 January to discuss:

- The 2021 Global Monitoring Exercise (GME) for individual insurer monitoring and sector-wide monitoring data collections;
- Reinsurance analysis of the sector-wide monitoring; and
- Preparation for the 2021 GME data validation and analysis.

Secretariat support: nicolas.colpaert@bis.org

Macroprudential Supervision Working Group

The Macroprudential Supervision Working Group (MSWG) met on 20 January to discuss the draft Application Paper on Macroprudential Supervision.

- The MSWG agreed on a version of the Paper to be distributed to the IAC, MPC and Executive Committee for approval for public consultation; and
- The Paper is planned to be published for public consultation in March 2021.

Secretariat support: becky.easland@bis.org

Signatories Working Group

The Signatories Working Group (SWG) met on 17 November 2020 to discuss:

- Progress of the ongoing validation processes;
- Possible future activities of the SWG, including further regional outreach initiatives; and
- Review of the IAIS MMoU and MMoU FAQs.

Secretariat support: yasuaki.ohara@bis.org

Standards Assessment Working Group

The Standards Assessment Working Group (SAWG) met on 29 January to discuss:

- Presentation of the overall results of the Peer Review Process (PRP) assessment of ICP 19 (Market Conduct). The final report is expected to be presented to the Executive Committee in the second quarter of 2021;
- Kick-off of the next PRP assessment on ICPs 9 & 10 (Supervisory Processes);
- Overview of the current projects within the Members Assessment Program (MAP);
- Update of the Baseline Assessment (BLA) of the implementation of the Holistic Framework supervisory material; and
- Update on progress with the different elements of the Targeted Jurisdictional Assessments (TJAs) of the Holistic Framework supervisory material.

The next meeting of the SAWG will be held on 17 February 2021.

Secretariat support: rogier.derksen@bis.org

Financial Stability Institute



The Financial Stability Institute (FSI) was jointly created in 1998 by the Bank for International Settlements and the Basel Committee on Banking Supervision to assist supervisors around the world in improving and strengthening their financial systems.

FSI Programme 2021

The FSI's programme of events for 2021 can be downloaded [here](#). Events specifically targeting insurance supervisors are as follows:

- 21 April: ASSAL-FSI-IAIS high-level meeting for Latin-America on insurance supervision;
- 19-20 May: FSI-IAIS-Prudential Authority, South Africa insurance virtual seminar;
- May-July: FSI-IAIS pilot specialised insurance online course (SIOC);
- 9 June: AFIR-FSI-IAIS high-level meeting for Asia-Pacific on insurance supervision; and
- August-November: 8th FSI-IAIS FIRST ONE online course.

7th FSI-IAIS FIRST ONE online course – participants' feedback

The 2020 edition of the FSI-IAIS regulatory and supervisory (FIRST ONE) online course ended in November 2020.



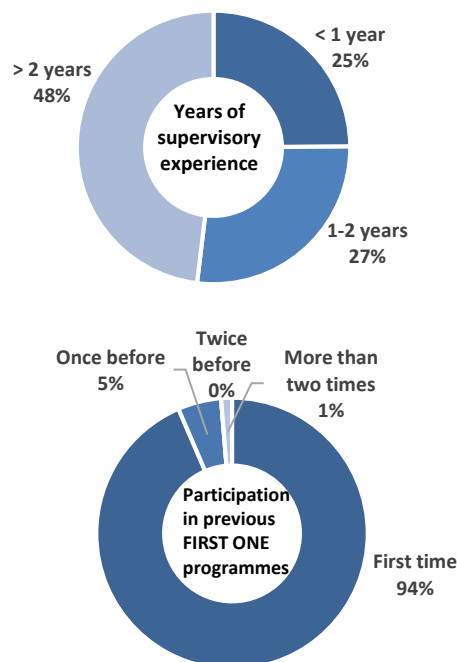
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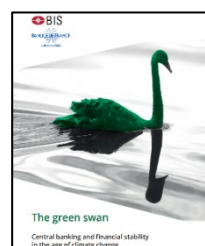
88% rated course most/very useful



"I have worked for 16 years in a leading position in two insurance companies but working as a supervisor over the last two years is a complete change of perspective. To follow this course was very necessary to strengthen my principles as a supervisor. Thank you."

– FIRST ONE course participant

BIS virtual seminar on the Green Swan - central banking and financial stability in the age of climate change, 20, 22 and 27 January 2021



The virtual seminar was comprised of 3 webinars covering presentations on the [Green Swan](#), interlinkages between climate change, biodiversity loss, pandemic and financial instability as well as banking and insurance regulatory measures in these areas. The virtual seminar concluded with a panel discussion amongst the Green Swan authors. Over 340 participants, including from insurance supervisory authorities, from 65 countries participated in the virtual seminar, which coincided with the one year anniversary of the publication.

Access to Insurance Initiative (A2ii) Report



The Access to Insurance Initiative (A2ii) is a unique global partnership which inspires and supports insurance supervisors in promoting access to insurance for underserved and low-income populations. It is the IAIS implementation partner on financial inclusion.

The A2ii taking precautionary measures related to Covid-19

To safeguard the well-being of the A2ii staff and its partners, the A2ii is cancelling or postponing all physical events through spring of next year and exploring the use of virtual formats when possible. Events that are scheduled to take place from May 2021 onwards are currently under review. The A2ii will communicate any changes pertaining to its events on its website, social media channels and through its newsletter.

Covid-19 Insurance Supervisory Response Tracker



webinars).

The A2ii has a [special page](#) on its website dedicated to tracking worldwide supervisory responses, insurance news and learning resources (such as

Feel free to share relevant news via secretariat@a2ii.org, by tagging Access to Insurance Initiative on [LinkedIn](#) or by mentioning the A2ii on [Twitter](#).

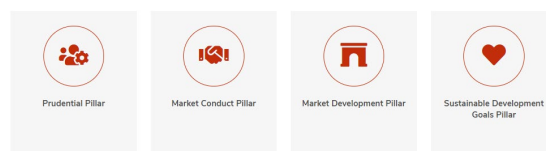
New on the A2ii Website

New interactive tool on A2ii website: Supervisory KPIs Lexicon | December 2020

The newly-launched [Supervisory KPIs Lexicon](#) is an interactive, searchable directory of KPIs for insurance supervisors covering four areas, or 'pillars' of supervisory priorities: [prudential](#) [soundness](#), [market](#)

[conduct](#), [insurance](#) [market](#) [development](#) and the link between insurance and the [Sustainable Development Goals](#). KPIs under each pillar are drawn from established global best practices, supervisory experience, as well as ongoing research.

The A2ii invites insurance supervisors to use this as a reference on KPIs for measuring insurance sector performance and the state of the insurance market in line with their respective supervisory mandates. As this is an ongoing project, the A2ii also encourage supervisors and experts to submit technical input and experience applying the KPIs or any questions via the form on the page.



About the KPI Reporting Project

The KPI Lexicon is one part of a project by the A2ii, Cenfri together with a Steering Group comprising insurance supervisors from Ghana, Kenya, Malawi, Mauritius, Uganda and CIMA countries, chaired by South Africa. The project was initiated to support SSA insurance supervisors with obtaining the necessary information to conduct effective supervision and evaluate the insurance market, in line with ICP 9 while recognising that supervisory mandates are evolving. The project comprises three main outputs. The Background Paper on the project can be found [here](#). The implementation guidance, which will provide practical notes on using and analysing the KPIs drawing on SSA experience, is under development and due to be completed at end-2021.

Recent Events

IAA Seminar Mini-Series: Risk Based Financial Management with a focus on Asia - Pacific | 12, 19 and 26 January

The International Actuarial Association partnered with A2ii and the IAIS to organise a series of short webinars focused on Risk-based Financial Management and Supervision.

The first series of three sessions was held in January, focusing on Asia-Pacific time zones

with about 70-100 participants in each webinar. In the first session on 12 January, Fred Rowley and Alex Kuhnast discussed the ORSA as a core tool of risk-based supervision, providing some guidance for supervisors on what to look for when assessing an ORSA and what a strong ORSA process looks like.

The second session focused on de-mystifying the supervisory task of using actuarial reports, with Britta Hay and Stuart Wason sharing their experiences in supervision and the industry, including examples for life and non-life. In the latest session on 26 January, Nigel Bowman and Jules Gribble presented a tool developed by the IAA's Inclusive Insurance Working Group, the [IAA Risk Tool](#), which provides supervisors with a framework to assess risks and aggregate their cumulative portfolio impact. In the session, Edith Apoo and Ivan Kalimeri from the Insurance Regulatory Authority of Uganda (IRA) also shared their experience of working with the tool at the IRA.

Watch [this space](#) for the recordings of the webinars.

The second series on February 4, 11 and 18 will focus on time zones covering the Americas and Africa and will also feature simultaneous translation to French and Spanish. Please [register here](#).

Supervisory Dialogue Accounting Standards & IFRS 17: The Role of Insurance Supervisors | 28 January



The A2ii-IAIS Dialogues kicked off 2021 with a webinar on the new accounting standard IFRS 17. Over 300 supervisors took part with maximum capacity reached on both calls.

With only two years to go until the implementation deadline, transitioning to the new accounting regime has become a pressing issue for both the insurance sector and insurance supervisors. During this webinar, Peter Windsor and Jeffery Yong presented their joint paper on insurer solvency assessment in the context of the implementation of IFRS 17. The paper is based on the results of a survey of 20 insurance supervisors.

Their presentation focused on the risks and challenges identified by supervisors but ultimately concluded that IFRS 17 was necessary in the long term to improve financial stability, transparency and comparability of the insurance sector.

This was echoed by supervisors who presented during the second part of the webinar. Supervisors from Bank Negara Malaysia, the Central Bank of Jordan, Cayman Islands Monetary Authority and Zimbabwe's Insurance and Pensions Commission outlined the approaches their authorities had taken regarding IFRS 17.

A common theme with many of the supervisors was establishing a regional working group to provide peer exchange, support and ultimately avoid domestic interpretation of the accounting standard. Overall while all participants acknowledged the complexities and resource challenges involved, there was a general agreement that the long-term benefits outweighed the initial challenges.

A report from the event will shortly be published on our Blog pages. [Subscribe here](#) and stay up to date!

Upcoming Events

IAA Seminar Mini-Series: Risk Based Financial Management and Supervisions | 4 February, 11 February, 18 February

The International Actuarial Association (IAA), in collaboration with the Access to Insurance Initiative (A2ii) and the International Association of Insurance Supervisors (IAIS), has unveiled a mini-series of seminars focused on Risk-based Financial Management and Supervision. The three-part mini-series held in January focused on Asia-Pacific time zones. In February, the focus will be time zones covering the Americas and Africa and will also feature simultaneous translation to French and Spanish.

- 4 February: ORSA – The Core Tool of Risk-Based Supervision;
- 11 February: Using Actuarial Reports – Getting the Added Value; and
- 18 February: Proportionate Risk Assessment – The IAA Risk Tool in Action.

Find out more on the [website](#).

A2ii-ASSAL-IAIS First Strategic Roundtable for Latin American Supervisors | 9 February

At this event, first of this type for Latin American supervisors, the A2ii, IAIS and the Financial Stability Institute (FSI) will present their strategic priorities and plans for 2021. Representatives from supervisory authorities will also be asked to present their strategic priorities and capacity-building demands during the roundtable session. More information and registration on the [website](#).

Index Insurance – A2ii-IAIS Public Dialogue | 25 March, WebEx

The use of index insurance as an alternative to traditional indemnity-based insurance has increased over the last years, particularly as a mechanism for insuring extreme weather risks. Index insurance – also known as parametric insurance – has been evolving. Today, it reaches a wide range of customers, at the micro, meso and macro levels, ranging from the most vulnerable segments of the population to the most sophisticated and complex sectors.

To take stock of recent developments, the A2ii conducted a survey with supervisors and other stakeholders on the current state of index insurance.

On 25 March 2021, the A2ii and IAIS will be sharing the outcomes of the research on a public dialogue on index-based insurance. This dialogue will be open to all stakeholders. It is also in line with A2ii's 2021 theme of the year - the Sustainable Development Goals (SDGs). Participants will also hear from industry experts

as well as supervisory authorities who will share their experiences.

This 75-minute webinar will be open to all stakeholders and will take place at 10 am CET in English (with simultaneous French interpretation) and 4 pm CET in Spanish (with simultaneous English interpretation). More information will be on the [events](#) page in due course.

Publications

El informe anual 2019 ya está disponible en español

Haga clic [aquí](#) para descargar los informes anuales.

Annual report 2019 in Spanish is available

Click [here](#) to download the annual reports in Spanish.

Staffing Update



The A2ii is pleased to welcome **Rachelle Jung** to the [A2ii team](#) as a Junior Advisor.

In her role at the A2ii, she will form part of the communications team, will have a thematic focus on inclusive insurance and regulation, and will provide support to ongoing A2ii projects and events.

She first joined the A2ii team as an intern in November 2019. Originally from the US, she worked in South Korea and Spain before moving to Germany to study a master's degree in Development Economics and International Studies.

About the IAIS

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions. The mission of the IAIS is 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.

Established in 1994, the IAIS is the international standard setting body responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation. The IAIS also provides a forum for Members to share their experiences and understanding of insurance supervision and insurance markets.

The IAIS coordinates its work with other international financial policymakers and associations of supervisors or regulators, and assists in shaping financial systems globally. In particular, the IAIS is a member of the Financial Stability Board (FSB), member of the Standards Advisory Council of the International Accounting Standards Board (IASB) and partner in the Access to Insurance Initiative (A2ii). In recognition of its collective expertise, the IAIS also is routinely called upon by the G20 leaders and other international standard-setting bodies for input on insurance issues as well as on issues related to the regulation and supervision of the global financial sector.

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The publication is available free of charge on the IAIS website (www.iaisweb.org).

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