

# Public consultation on the review of the Global Monitoring Exercise

## *Individual Insurer Monitoring assessment methodology*

Background session for stakeholders

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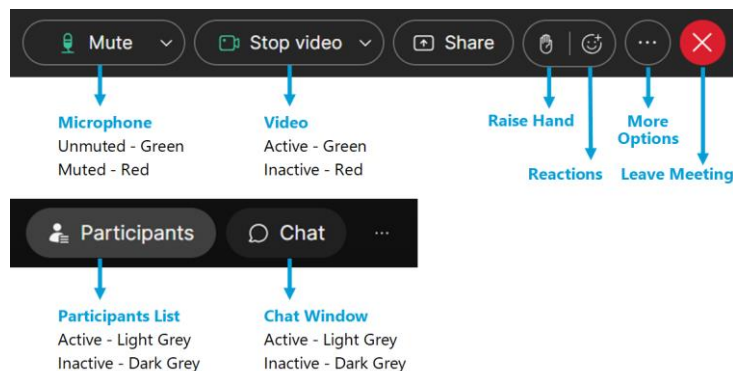
27 June 2025

***This session will be recorded***

## Testing your connection

Please send a message to the **Host** via the **Webex Chat** function, should you require assistance in testing your audio/video connection.

## Control panel



## Video

Click on the Start video button at the bottom of your screen to toggle the camera on/off.



Please feel free to enable your own video so all participants can see each other. In case of bandwidth problems on your own network, you might be asked to stop video.

## Technical help

Please email [sylvie.ellet@iais.org](mailto:sylvie.ellet@iais.org) or send a message to the **Host** via the **Webex Chat** function.

## Chat function and Participants list

To use the **Chat** function, click the "Chat" button at the bottom right to activate the chat panel and see messages from everyone.

If you would like to message a participant directly, open the **Participants** list using the button at the bottom right, find the three dots menu next to the participant name, and click "Chat directly".

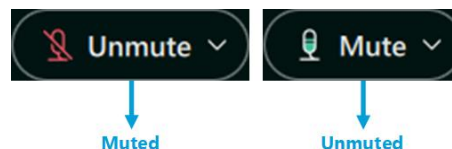


## Mute/Unmute

All participants are muted upon entry to the call.

To unmute, click on the microphone icon at the bottom of your screen.

If you are joining via a mobile phone, you will have to unmute both Webex and your phone to be able to talk.

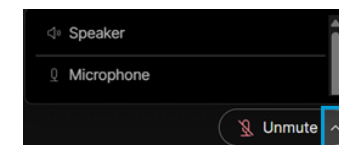


**IMPORTANT:** If you are calling-in by phone, you will need to unmute yourself by pressing \*6 on your phone's keypad.

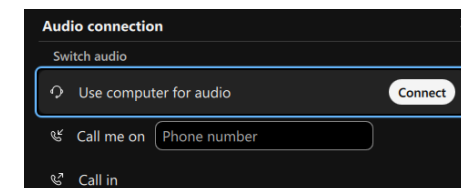
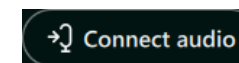
## Problems with audio connection

If you cannot hear other participants, please verify:

1. Is the volume high enough and unmuted for the device/headset in use? (check in PC's sound settings)
2. In Webex, go to audio options and make sure the correct speaker and microphone is selected:



3. If you see the "Connect audio" button. Click on it and select one of the following options:



## Use computer for audio

Click connect to use your computer's speakers and microphone with the meeting.

## Call me on

Enter your phone number. You will receive a call from Webex and will be asked to press "1" to enter the meeting.

## Call in

If the call me option does not work, choose Call in and dial the number listed or the global call-in numbers.

Please enter the **Attendee ID** shown below the phone number, so that you can be automatically identified.

# Agenda

- Background:
  - IAIS
  - Global Monitoring Exercise (GME)
  - Individual Insurer Monitoring
- Public consultation document:
  - Outline
  - Summary of chapters
- Consultation process:
  - Timeline
  - Questions for stakeholders
  - How to submit responses
- Q&A

# Background

# IAIS – the global insurance standard setter

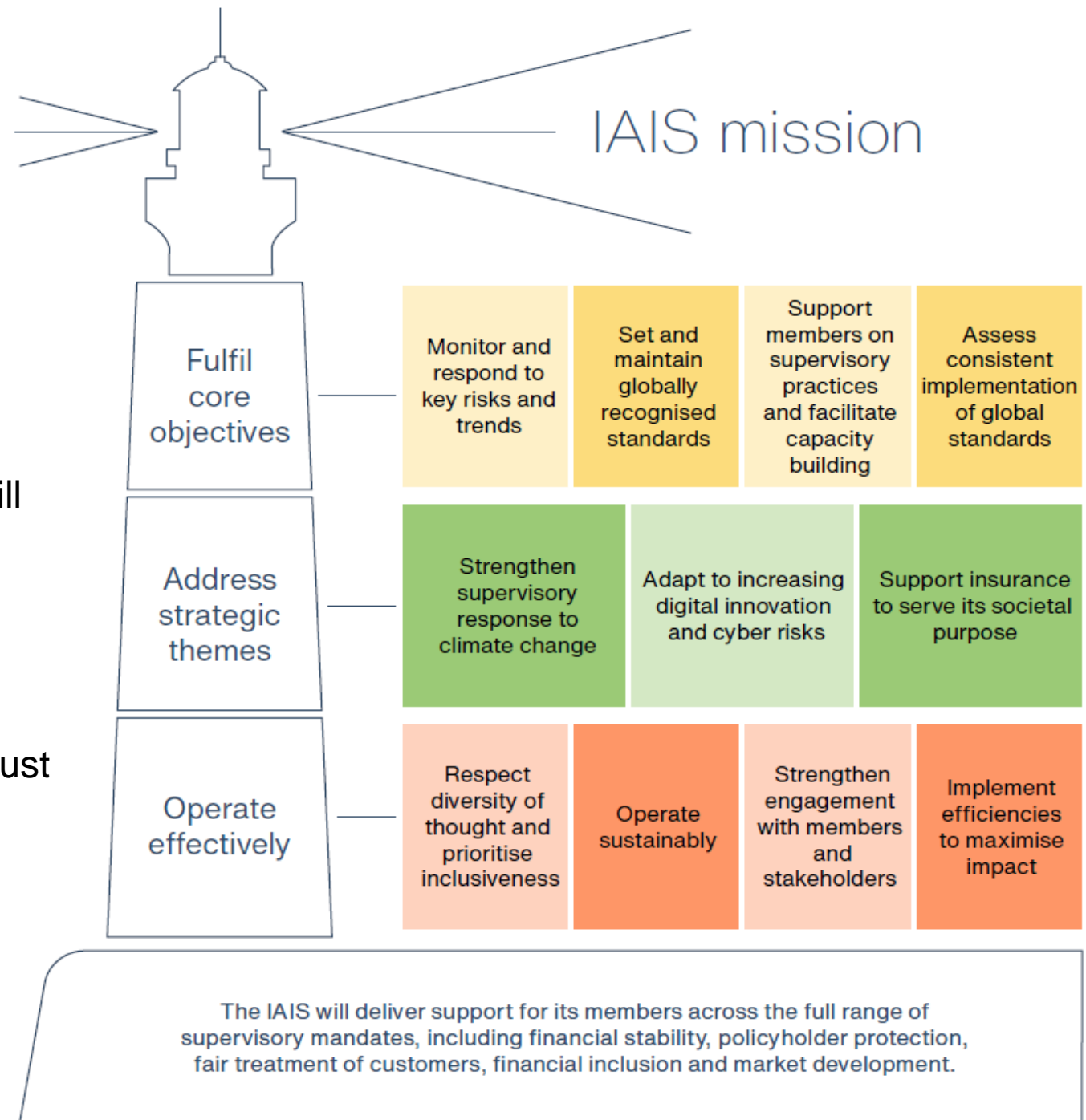
The mission of the IAIS is to:

- 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
- Contribute to global financial stability

More than **200** jurisdictions,  
constituting **97%** of global insurance premiums,  
represented by **38** members of our Executive Committee

# Strategic Plan

- In October 2024, the IAIS published its 2025-2029 Strategic Plan, which sets the strategic direction for the Association over the next five years, in support of its mission
- The 2025-2029 period follows an intensive standard setting phase; going forward there will be a shift to maintenance and refinement of these standards
- **Focus shifts to: assessing key risks and trends in the global insurance sector;** supporting effective supervisory practices; robust implementation assessment and support

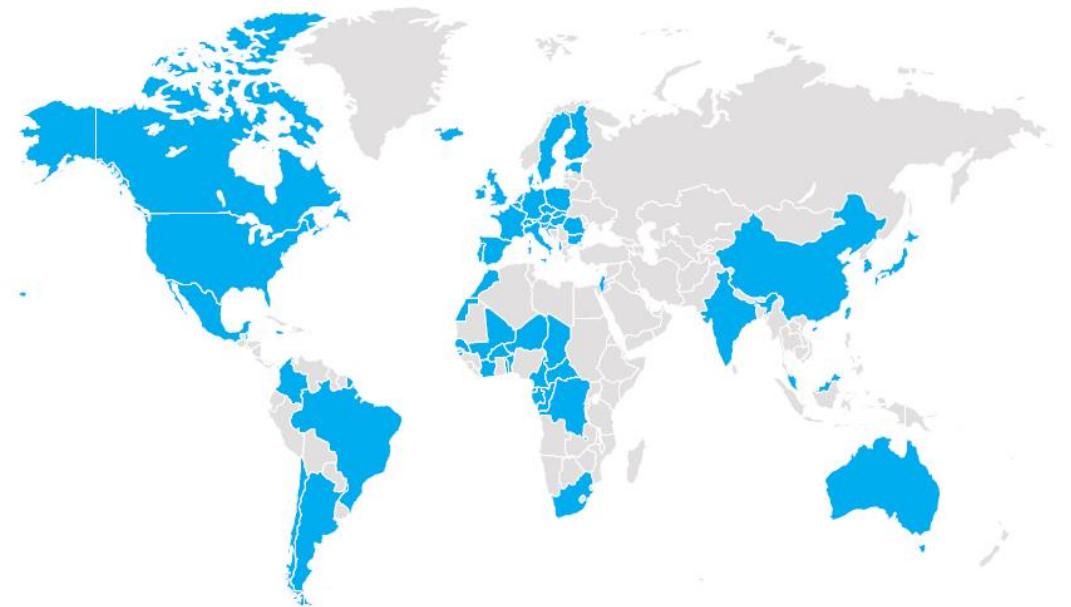


# The Global Monitoring Exercise: data collections

The Global Monitoring Exercise (GME) is the risk assessment pillar of the IAIS Holistic Framework for systemic risk in insurance.

## The GME builds on confidential data collections:

1. **Individual insurer monitoring (IIM)** of groups included in the Insurer Pool according to predetermined criteria: **approximately 60 insurance groups from 18 jurisdictions**; <sup>1</sup> and
2. **Sector-wide monitoring (SWM)** of aggregate insurance market data collected from 26 IAIS members meeting the criteria set out in the [GME document](#)<sup>2</sup> plus voluntary members. 53 jurisdictions participated in at least one of the components of the SWM 2024 data collection, representing **>90% of global gross written premiums**.



<sup>1</sup> Insurer Pool criteria: Total assets of more than \$65 billion and a ratio of premiums from jurisdictions outside the home jurisdiction to total premiums of 5% or more, or total assets of more than \$215 billion and a ratio of premiums from jurisdictions outside the home jurisdiction to total premiums greater than 0%, Or applying jurisdictional discretion.

<sup>2</sup> *Jurisdiction Pool criteria: The jurisdiction is a member of the FSB; or the jurisdiction is a home jurisdiction of at least one Internationally Active Insurance Group (IAIG) and/or of an Insurer Pool participating insurer.*

# The Global Monitoring Exercise: timeline

## An annual cycle

March	<ul style="list-style-type: none"><li>• Launch of the data collection packages</li><li>• Workshop with participating insurers and supervisors</li></ul>
May-June	<ul style="list-style-type: none"><li>• Data submissions. Data validation and analysis</li><li>• Identification of scope of collective discussion:<ul style="list-style-type: none"><li>• Individual insurers with potential build-up of systemic risk</li><li>• Sector-wide, macroprudential risks and trends</li></ul></li><li>• Launch of targeted feedback-loop with group-wide supervisors (supervisory responses in place / planned)</li></ul>
Sept.	<ul style="list-style-type: none"><li>• IAIS collective discussion on key identified risks and trends</li><li>• Coordination of supervisory measures at the global level</li><li>• Input to IAIS two-year roadmap</li></ul>
Nov.-Dec.	<ul style="list-style-type: none"><li>• Reporting to the public (<a href="#">Global Insurance Market Report</a> – GIMAR)</li><li>• Reporting to participating insurers and supervisors</li><li>• Reporting to the Financial Stability Board (FSB)</li></ul>



# Individual insurer monitoring: assessment methodology

## Assessing systemic risk stemming from an individual insurer's distress or disorderly failure

Recognises that potentially systemic activities or exposures may become concentrated in an individual insurer, such that its distress or disorderly failure would pose a serious threat to global financial stability

- Assessment methodology:  
**5 systemic risk categories, 13 indicators**
- Systemic risk indicators are weighted to produce a **total score** per insurer
- **3 year cycle for reviewing the methodology: ongoing review taking place in 2025 to be applied to the 2026-2028 GME**
- **In line with this timing – FSB will review its experiences with the process of assessing and mitigating systemic risk based on the Holistic Framework**

Category	Indicator
Size	Total assets
	Total revenues
Global activity	Revenues outside of home country
	Number of countries
Interconnectedness	Intra-financial assets
	Intra-financial liabilities
	Derivatives
	Derivatives Trading (CDS or similar derivatives instrument protection sold)
	Minimum guarantees on variable products
Asset liquidation	Short term funding
	Level 3 assets
	Liability liquidity
Substitutability	Premiums for specific business lines

See [GIMAR](#) 2024 – Annexes for formulae and more details

# Individual insurer monitoring: ancillary indicators

The IAIS has developed additional metrics to assess potential systemic risk in the global insurance sector within the individual insurers monitoring component. :

- **Liquidity metrics:** a set of ancillary indicators on liquidity finalised in [November 2022](#) after three years of testing and two public consultations. Combines an exposure approach and a cash-flow projection approach under stressed scenario.
- **Ancillary indicators ([consultation closed in February 2025](#)):** credit risk, derivatives, reinsurance, mark-to-model assets, potential revisions to the liquidity metrics.

# Assessment of emerging risks

GIMAR reports and special topic editions delve deeper into specific issues identified by the IAIS's Global Monitoring Exercise (GME) or other priority areas.

This is supported by ad hoc additional data collections in the GME (IIM, SWM or both)

- Regular GIMAR reports
- GIMAR Special Topic on Climate risk published in 2021
- GIMAR Special Topic on Cyber risk published in 2023
- GIMAR Special Topic planned in 2025 on **Potential financial stability implications of natural catastrophe protection gaps**

# Public consultation document on the review of the GME

## *IIM assessment methodology*

# Outline of the public consultation document

## Chapters:

1. Introduction
2. IIM scoring indicators
  - 2.1 Level 3 assets indicator
  - 2.2 Asset liquidation indicators' adjustment factors
  - 2.3 Intra-financial Assets and Intra-financial Liabilities indicators
3. Indicators' weighting
4. Denominators
5. Insurer Pool selection criteria
6. Conclusion

## For each topic under revision:

- Background
- Proposed changes
- Questions seeking views from stakeholders

# 1. Introduction

- **Objective:**
  - Seek stakeholders' input on the review of the IIM assessment methodology for the next three-year cycle of application (2026-2028).

## 2. IIM scoring indicators

- **Proposed revisions:**
  - Update specific indicators to improve accuracy and align with developments in the insurance sector:
    - Level 3 assets
    - Intra-financial assets
    - Intra-financial liabilities

## 2.1 Level 3 assets indicator

- **Background:**
  - Impact of accounting changes (eg IFRS 9 and IFRS 17) on indicator scores
  - Inconsistent accounting treatments across jurisdictions
- **Proposed changes:**
  - Expand the definition to include:
    - Level 3 physical real estate holdings
    - Assets held at cost that would qualify as Level 3 under fair value

## 2.2 Asset liquidation indicators' adjustment factors

- **Background:**
  - Asset liquidation scores may not adequately reflect insurers' asset-liability management practices, such as natural hedging of illiquid assets and liabilities.
- **Proposed adjustment:**
  - Use the Insurance Liquidity Ratio (ILR) to adjust scores for asset liquidation indicators
  - Apply multipliers for lower ILR values and haircuts for higher ILR values



## 2.3 Intra-financial assets and liabilities indicators

- **Background:**
  - Derivatives currently contribute to multiple indicators:
    - OTC derivatives are included in IFA (when net positive) and IFL (when net negative), with both net value and potential future exposure (PFE).
    - Exchange-traded derivatives' PFE is included in the short-term funding indicator.
    - Gross notional amounts of OTC derivatives form the Derivatives indicator.
  - Opportunity to reduce reporting complexity by combining related data items.
- **Proposed changes:**
  - Remove Potential Future Exposure (PFE) of OTC derivatives from intra-financial indicators and include it in the short-term funding indicator.
  - Combine exclusions from borrowing in the IFL indicator into one single row.
  - Include combined other borrowing into the Insurance Liquidity Ratio (ILR).

# 3. Indicators' weighting

- **Background:**
  - Weights determine the contribution of each indicator to systemic risk scores.
- **Proposed adjustments under consideration:**
  - Reduce the weight of Level 3 assets.
  - Increase the weight of short-term funding within the asset liquidation category.
  - Shift part of the weight of "Number of countries" to "Revenues outside home country".

Category	Indicators	Weight
Size	Total assets	2.76%
	Total revenues	2.76%
Global activity	Revenues outside of home country	2.76%
	Number of countries	2.76%
Interconnectedness	Intra-financial assets	10.43%
	Intra-financial liabilities	10.43%
	Derivatives	10.43%
	Derivatives Trading	10.43%
	Minimum guarantees on variable products	10.43%
Asset liquidation	Short-term funding	8.06%
	Level 3 assets	10.43%
	Liability liquidity	12.80%
Substitutability	Premiums for specific business lines	5.52%

# 4. Denominators

- **Current approach:**
  - Denominators are based on 2018 data, used for the 2023–2025 GME cycle.
- **Proposed revisions:**
  - Update denominators to align with recent developments in the insurance sector.
  - Incorporate changes to indicator definitions.

# 5. Insurer pool selection criteria

- **Current criteria:**
  - Total assets > USD 65 billion and premiums from outside the home jurisdiction  $\geq 5\%$ ; or
  - Total assets > USD 215 billion and premiums from outside the home jurisdiction  $> 0\%$ .
  - Encourage inclusion of insurers with assets approaching USD 65 billion (and premiums from outside the home jurisdiction  $\geq 5\%$ ) to improve regional balance and diversity.
- **Proposed changes:**
  - Adjust total asset thresholds to USD 70 billion and USD 235 billion to account for inflation.
  - Encourage inclusion of insurers with assets > USD 55 billion (and premiums from outside the home jurisdiction  $\geq 5\%$ ) to improve regional balance and diversity.

# 6. Conclusion

- **Questions** on general feedback to the GME methodology and on the reporting of the IAIS to the public (through the Global Insurance Market Report) and to participating insurers
- **Next steps:**
  - Feedback on the consultation document is invited by Monday 18 August 2025
  - The outcome of the review will be reflected in an updated version of the public GME documentation for the 2026-2028 GME cycle.

# Consultation process

# Questions for stakeholders

- Questions for stakeholders are included in light blue boxes at the end of each chapter of the [public consultation document](#)
- 22 questions in total seeking input on:
  - Proposed revisions and methodology enhancements
  - Simplifications of the data collection
  - Broader feedback
- Questions for stakeholders are also summarised in a [separate document](#)

# How to provide responses

- Please use the **consultation tool** available at [this link](#) to provide your responses to the consultation questions.

## Public consultation on the review of the Global Monitoring Exercise – Individual Insurer Monitoring assessment methodology

The IAIS invites feedback on its **public consultation document on the review of the Global Monitoring Exercise – Individual Insurer Monitoring assessment methodology**.

All consultation questions are optional, and comments are invited by **18 August 2025 24:00 CEST**.

Please use this consultation tool to provide your comments. Only comments submitted through the tool will be considered. All comments will be published on the IAIS website unless the option in the tool to keep comments confidential is chosen.

Please note that some formatting (eg bullet points) may not be preserved when copying and pasting your comments into the consultation tool from other software such as Microsoft Word.

You can save your draft response and finish later via the button on the top right corner. Only officially submitted responses will be considered as part of the consultation.

Should you have any questions please contact [Roberto Ottolini](#).



# Next steps

- 19 June 2025: launch of public consultation on the review of the GME – IIM assessment methodology
- 27 June 2025: public background session for stakeholders
- **18 August 2025: deadline for responses to public consultation**
- By end 2025:
  - Resolution of comments and publication of updated IIM methodology
  - Resolution of comments and publication of ancillary indicators documents

# Q&A

QR code to consultation page:

