

Macroprudential Committee (MPC)

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Mid-year Global Insurance Market Report (GIMAR) 2025

↓ Link ↓



Global Insurance Market Report (GIMAR)

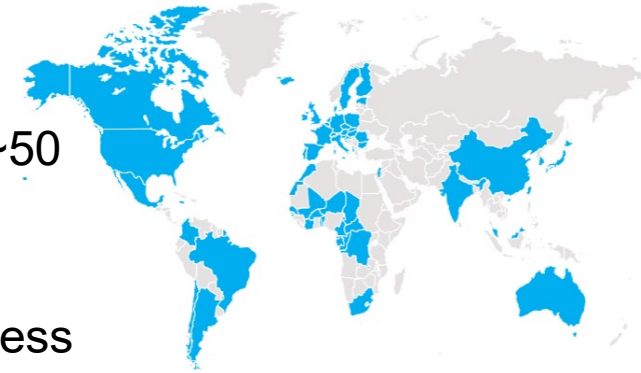
MID-YEAR UPDATE

June 2025



IAIS risk assessment through the GME

- **Global Monitoring Exercise** (GME) builds on data collected from ~60 of the largest international insurance groups (individual insurer monitoring) as well as ~50 supervisors (sector-wide monitoring) – covering >90% of global gross written premiums
- **Annual report to FSB:** In 2025, the FSB will review its experience with the process of assessing and mitigating systemic risk based on the Holistic Framework.
- Report to participating insurers and supervisors.
- Aggregate findings disclosed in the year-end Global Insurance Market Report (**GIMAR**), with a mid-year preview.
- **2025 GIMAR Special Topic:** Potential financial stability implications of Natural Catastrophe protection gaps



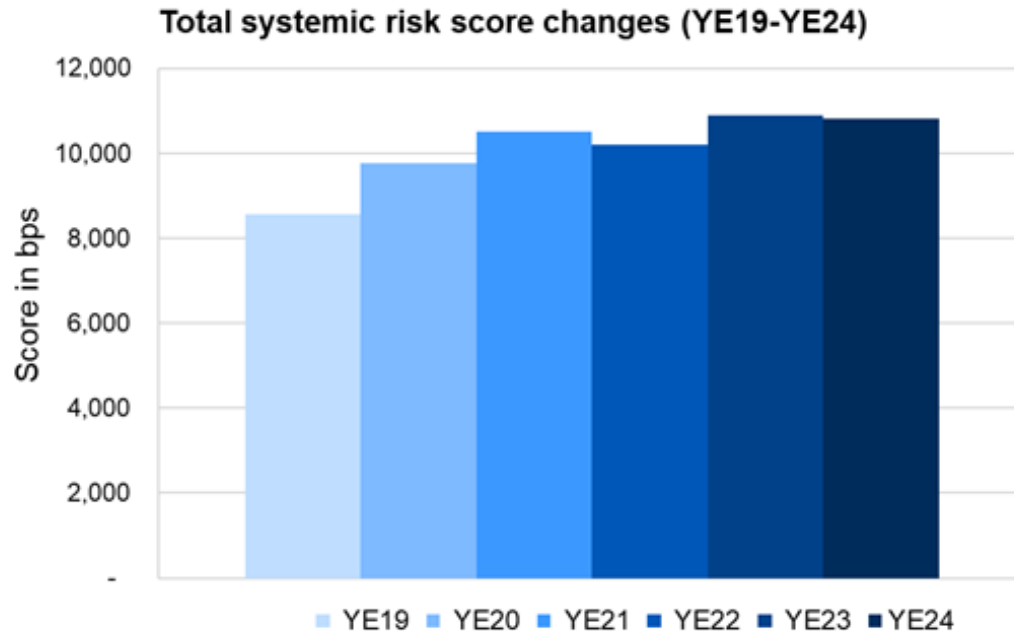
Themes in focus of 2025 GME:

1. **Geoeconomic fragmentation impacting insurers' management of assets and liabilities**
2. **Insurers' increased investment in private credit**
3. **Insurers' adoption and governance of artificial intelligence (AI).**



Mid-year Global Insurance Market Report (GIMAR) – June 2025

- **Solvency** and **profitability** positions remained stable in 2024, underscoring the sector's resilience.
- **Liquidity positions** improved for many insurers.
- **Return on assets** also increased for most insurers.



- **Aggregate systemic risk scores remained stable in 2024**, reflecting mixed developments across indicators.
- Declines were driven by reduced minimum guarantees on variable products and a slight drop in derivatives-related indicators, while increases stemmed from a rise in intra-financial assets.

Theme 1: Geoeconomic fragmentation impacting insurers' management of assets and liabilities

- **Geoeconomic fragmentation** is driven by intensifying geopolitical tensions and the economic division into regional or national blocs.
- Such fragmentation could **dampen economic growth prospects**.
- Geopolitical risks include trade tensions, conflicts, and isolationist policies, which may disrupt global trade, energy prices, supply chains, and consumer confidence.
- **These risks may spillover to macroeconomic and financial risks. They may lead insurers to reallocate asset- and liability portfolios.**
- **IAIS will explore the potential mechanisms through which geoeconomic fragmentation may transmit risk to the insurance sector.**
 - Areas of attention: Credit risk, heightened foreign exchange risk, liquidity risk, interest rate and market risks, underwriting risk

Theme 2: Insurers' increased investment in private credit

- Two key structural shifts that the life insurance sector is undergoing: (1) the increasing allocation of capital to alternative assets and (2) the expanding use of cross-border asset-intensive reinsurance.
- IAIS developed a draft Issues Paper on these structural shifts.
- In the 2025 GME, the IAIS will perform an analysis of insurers' investments in private credit, a rapidly growing subsector of alternative assets that have unique characteristics.

Benefits and supervisory areas of attention of alternative assets (source: draft Issues Paper)

Benefits associated with alternative assets

- Diversification
- Higher potential returns
- Market sophistication
- Capital optimisation
- Long-term nature
- Inflation hedge
- Investing in real economy

Supervisory concerns and areas of attention

- Valuation
- Hidden leverage
- Liquidity risks
- Links to PE firms and potential conflicts of interest
- Credit risk and credit ratings
- Regulatory capital-related issues
- Increased complexities
- Information gaps

Theme 3: Insurers' adoption and governance of artificial intelligence

- **The deployment of AI is expected to have a material impact on social and economic activities.**
- For insurers, **AI presents opportunities and risks** which need to be effectively managed.
- **Recognising this, the IAIS has increased its focus on AI**, publishing updates on AI and machine learning in insurance, as well as an Application Paper. The IAIS is developing Member-only materials that provide practical tools for supervisors to engage with insurers on their use of AI.
- The 2025 GME will zoom into insurers' adoption and governance of AI. **Two dimensions will be considered: (1) own risk and; (2) balance sheet.**

Key areas of focus

- Generative AI (GenAI) adoption, including leading use cases
- Drivers for AI adoption
- Governance frameworks for AI management
- AI third-party dependencies and service provider concentrations

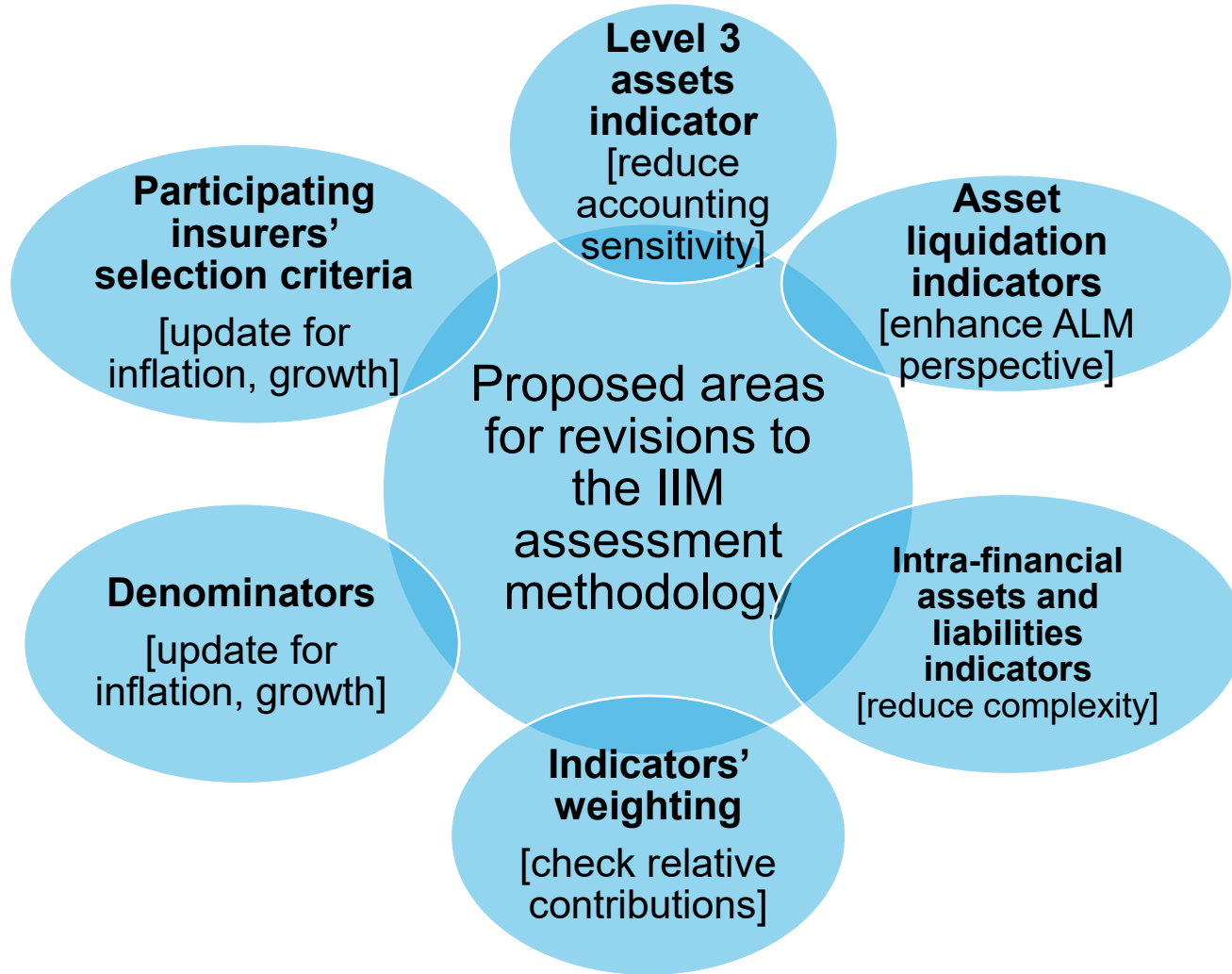
Public consultation on the Draft Issues Paper on structural in the life insurance sector

- Covers both: (1) increased investment allocations by insurers towards so-called “alternative assets”, and (2) the increased use of cross-border asset-intensive reinsurance.
- The [Issues Paper](#) provides an in-depth assessment of the key supervisory issues to these structural shifts. This Issues Paper will inform enhancements to the IAIS supervisory and supporting material, where necessary, to ensure a globally coordinated supervisory response.

Next steps:



Public consultation on the review of the GME *IIM assessment methodology*



Next steps:

- 18 August 2025: deadline for public consultation comments
- Q4 2025: publication of updated GME documentation