

ICS implementation assessment

Stakeholder event

9 September 2025

Privacy

- The IAIS' privacy notice is available at <https://www.iaisweb.org/privacy-notice/>
- This webinar will be recorded and made available on the IAIS website.

Objective of the event

- Present the high-level principles (HLPs) for the development of the Insurance Capital Standard (ICS) implementation assessment methodology.
- Clarify the proposed approach by addressing your questions.
- Gather your perspectives to inform the methodology development.

Background information

- The ICS was adopted in December 2024:
 - IAIS members **adopted the ICS at the 2024 Annual General Meeting**
 - This marked a significant milestone for both the IAIS and the global insurance sector, concluding over a decade of development and monitoring
 - The ICS provides a consistent and transparent framework for supervisors to assess the capital adequacy of IAIGs.
- Ongoing development **of ICS-related material**:
 - **Supervisory reporting and public disclosure** (public consultation planned for Q4 2025)
 - Application Paper on **availability of capital** (public consultation planned in 2026)

ICS implementation assessment methodology

- The recently agreed **High-Level Principles (HLPs) for the ICS implementation assessment methodology** represent an important step towards the effective implementation of the ICS.
- These principles will serve as a foundational guidance to develop the full ICS implementation assessment methodology.

ICS implementation assessment methodology (cont'd)

HLP1 – Scope of implementation assessment methodology

These high-level principles apply only to the development of the methodology for the implementation assessment of what is contained in and specific to the Level 1 and Level 2 ICS texts (“the ICS”). They supplement but do not replace the IAIS assessment methodology as set out in the ICPs or ComFrame.

HLP2 – Definition of components

The assessment is made component by component.

Components include the following: Valuation (ICS sections 3 and 6); Capital requirement (sections 5, 6 and 7); Capital resources (section 4); and General principles and perimeter of the ICS (sections 1 and 2). For each component, the assessment result follows the general IAIS assessment ratings. An overall assessment of the ICS is then derived as set out in HLP5.

ICS implementation assessment methodology (cont'd)

HLP3 – Deviations and offsets within components

The assessment should examine deviations based on a qualitative textual comparison between the ICS and its local implementation and, when necessary, evidence from quantitative tests comparing ICS results according to the Level 1 and Level 2 text and the implementation of the ICS being assessed.

For each component, the assessment examines deviations from the ICS, considering whether:

- a. The deviation leads to a materially different outcome;*
- b. The deviation is less prudent; and*
- c. The deviation is impairing the objectives of a common language and risk-based standard.*

When identifying deviations and assessing their materiality and prudence, offsets may be recognised, subject to criteria to be developed in the methodology under the following fundamental conditions:

- Offsets are quantified;*
- They lead to an equivalent or higher policyholder protection for any business model and risk profile relevant to the assessed jurisdiction under various economic conditions.*

For the purpose of quantitative analyses, the assessment will leverage past data and publicly available information, as well as relevant proxies, to the extent possible. They may require additional data from IAIGs if past data are not available or sufficiently accurate.

ICS implementation assessment methodology (cont'd)

HLP4 – Scope of assessment

The assessment is limited to parts of the ICS relevant to the jurisdiction.

HLP5 – Overall assessment and potential offsets between components

The overall observance rating for the ICS implementation is derived by aggregating the ratings of individual components.

Offsetting between components may be considered when determining the overall rating, provided it originates from a common underlying driver across different components. This offsetting follows the same principles as outlined in HLP3 and will be further detailed in the methodology.

The offsetting considered for the overall rating does not alter the individual component ratings.

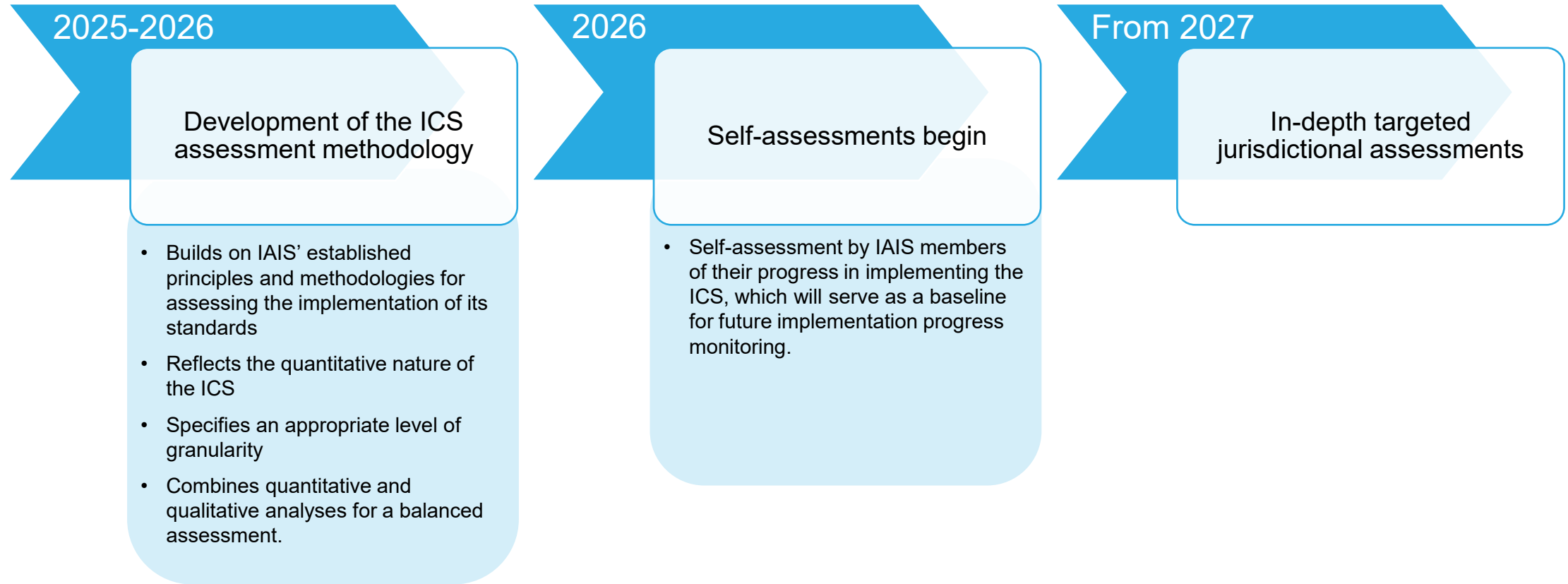
Recognition of offsetting in determining the overall rating is subject to specific guardrails, to be specified in the methodology. An overarching guardrail, consistent with the ICP assessment methodology, is that the overall ICS observance rating can only be deemed “Observed” if all individual components are rated as “Observed”.

ICS implementation assessment methodology (cont'd)

HLP6 – Assessment of the US Aggregation Method

The assessment of the implementation of the ICS in the US in the form of the final Aggregation Method (AM) is subject to the same methodology as the ICS. It will be complemented by a specific list of instructions, to be drafted at the same time as the detailed assessment methodology, to guide assessors in their implementation assessment of the US AM.

ICS implementation assessment



This timeline acknowledges that jurisdictions will require time to implement the necessary regulatory and supervisory changes to align with the ICS, taking into account jurisdictional circumstances, and for the IAIS to prepare for implementation assessment.



Q&As



Thank you

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