Resolution of public consultation comments on the review of the Global Monitoring Exercise – Individual Insurer Monitoring assessment methodology

19 June 2025 to 18 August 2025

Q1: What are your views on the proposed revisions to the level 3 assets indicator with respect to the accuracy and consistency of the methodology?		
Organisation	**Comment received**	**IAIS response**
the General Insurance Association of Japan, Japan	We agree with the idea of improving comparability across jurisdictions by correcting discrepancies arising from differences in accounting treatment. For this purpose, we understand that the Level 3 Assets indicator have been revised to include rows 30.4 and 30.5.1. However, there appears to be a lack of consistency in the aggregation of amounts under different accounting standards, such as fair value, acquisition costs, or amortized costs. While some consistency would be desirable from an accuracy perspective, unification is difficult due to differences in accounting standards across jurisdictions and among insurers. Therefore, it is important to note the difficulty of simply comparing the valuation amounts of Level 3 assets resulting from the amendment.	We note the concerns with regards to the lack of consistency across accounting standards and difficulties around comparing valuations across accounting standards and between insurers. However, we believe that the amendment will achieve a significant reduction in the impact from accounting differences whereas remaining differences are minor in comparison and beyond the scope of this amendment.
The Geneva Association, International	We appreciate the opportunity to comment on the IAIS consultation on proposed updates to the Global Monitoring Exercise (GME) / Individual Insurer Monitoring (IIM) methodology. In this letter we set out several thoughts and concerns. Note that we are not providing a detailed response. Ongoing three year reviews are essential We commend the IAIS for its commitment to revisit the indicator set every three years. A static framework risks losing relevance as market structures and business models evolve. However, the present document proposes modifications to weightings and denominators without providing supporting data. Providing meaningful, detailed feedback is therefore challenging. Ancillary risk indicators and the new ‘complexity’ metric In January, the industry provided detailed feedback on the draft ancillary risk indicators and has not yet received an IAIS response. Until that dialogue is complete, those indicators should not be integrated into the GME/IIM framework, even on a ‘for information only’ basis. Likewise, introducing a dedicated ‘complexity indicator’ for level 3 assets would be a major change.	We note the caution against using the Level 3 assets as a proxy for fire sale risk given that insurers also hold liquid assets to meet cash needs, given ALM management and given that certain Level 3 assets potentially could be of a lower risk of fire sales due to the nature of those specific Level 3 assets. However, the current amendment is only intended to correct a major accounting discrepancy in the treatment of

	Complexity is multifaceted, spanning investment practices and more; and its perception varies significantly across jurisdictions. Compressing these nuances into a single metric risks methodological bias and could unduly penalise insurers. As such, any regulatory benefit may be limited and should be weighed against potential costs. We therefore recommend that any complexity measure be the subject of its own consultation with a full methodological explanation, rather than being embedded, even provisionally, in the current package. Level 3 assets We support the IAIS' intention to address the misleading representation of level 3 assets in the IIM methodology. While we agree that level 3 assets may serve as one signal of complexity, we caution against using them as a proxy for potential fire sales or systemic risk. Insurers typically hold ample highly liquid assets to meet liquidity needs, and level 3 assets often comprise long-term, cash-generative investments aligned with long-dated liabilities. Additionally, level 3 includes items such as investments in associates and joint ventures, which are not intended for sale. Including these items without differentiation risks overstating systemic risk and mischaracterising insurers' asset-liability management practices. Updating denominators is overdue but must be done holistically Several denominators (e.g. level 3 assets, number of countries, intrafinancial assets and liabilities) no longer reflect the scale or composition of today's re/insurance sector. Persisting with outdated market totals distorts substitutability assessments and masks genuine trends. We support recalibration, yet stress that revised denominators should be applied consistently across all affected indicators to avoid creating new biases. Simplify and streamline the IIM data call The IIM exercise is already resource intensive. Any expansion of templates – for instance, adding disaggregated liquidity data – should be offset by removing metrics that have proved immaterial or duplicative. We encourage the IAIS to pilot any new fields, publish clear definitions, and give firms sufficient lead time. Where indicators (such as the Liquidity Indicator (ILR)) are calculated, granular data requirements should be strictly limited to incremental supervisory value. While we continue to supply extensive datasets in response to successive data calls, we derive little tangible benefit from the reports subsequently produced. We therefore urge the IAIS to ensure that future iterations limit the data requested.	similar and in some cases even identical assets. The IAIS has a three year review cycle of the GME methodology and further aspects may be taken into account in the next review. Regarding the ancillary indicators, the IAIS anticipated that any final decision and resolution of comments would have been linked to the 2025 review of the methodology. The updated ancillary risk indicators document and related resolution of comments has also been published on the IAIS website.

	Liquidity Indicator – use with caution and clarify its role The consultative document suggests that the ILR will carry greater analytical weight. When first introduced it was positioned as an ancillary metric. In the proposed revised IIM methodology, the ILR is used more directly to influence systemic-risk assessment. As currently proposed, the ILR is a high-level and simplistic calculation, and does not consider jurisdictional differences in products and financial markets. The ILR should remain as an ancillary indicator due to its limitations and the IAIS may look to jurisdictional supervisors to utilise approaches that may be better indicators of liquidity risk as they are calibrated to local insurance products, financial markets, and ALM strategies. One of our concerns with the ILR has been that illiquid assets and illiquid liabilities were not considered in tandem; we consider it positive that the introductory paragraph of the asset liquidation indicators section acknowledges that investing in long-duration illiquid assets to back long-duration illiquid liabilities serves as a natural liquidity risk hedge. Diversification should not be penalised We remain concerned that the IIM methodology continues to penalise insurers for size and global activity, despite the fact that diversification across lines of business and geographies typically reduces risk. Insurers benefit from the law of large numbers and use diversification to lower loss volatility. An insurer with premiums spread across countries is likely more resilient than one concentrated in a single jurisdiction, yet the current framework may assign it a higher systemic risk score. This approach risks misrepresenting the true risk profile of diversified firms. Avoid indicator overlap and double counting We also caution against potential double or triple counting of certain data. For instance, debt and equity holdings are captured in total assets and again in intrafinancial indicators. Similarly, premiums for specific business lines may be counted in total revenues, ‘premiums by business line’, and ‘revenues outside the home country’. Such overlaps distort results and may inflate systemic risk scores without a corresponding increase in actual risk. Proportionality, transparency, and collaboration Across all proposed changes we emphasise three principles: • Proportionality: Data burdens and systemic risk weights should scale with materiality. • Transparency: Stakeholders need sight of methodological choices and empirical evidence. • Collaboration: Dialogue with industry before implementation will ensure indicators remain		

	relevant without imposing unnecessary cost. Conclusion We support the IAIS's goal of keeping the GME/IIM framework fit for purpose. Regular reviews are welcome, but meaningful calibration requires data and dedicated consultations for major conceptual shifts. We encourage the IAIS to focus on data that is truly germane to systemic-risk assessment and eliminate data requests that are no longer necessary or relevant. This review is an opportunity to streamline the templates for the benefit of both supervisors and insurers. Thank you for considering our input.	
Insurance Europe, Europe	GENERAL COMMENTS (ANSWER TO Q1 BELOW): Insurance Europe welcomes the opportunity to provide comments to the IAIS consultation paper on the review of the Global Monitoring Exercise (GME), regarding the Individual Insurer Monitoring (IIM) assessment methodology. The consultation proposes changes without supplying any quantitative support. This makes it complex to assess the impact of the proposed modifications, such as changes in weightings or denominators. For such questions, it is important to evaluate not only the rationale behind the proposed changes, but also the appropriate degree of adjustment. With regard to the proposed updates to the various existing indicators, Insurance Europe does not have any specific comments. The industry notes that, at the time of writing, no feedback has been shared or published regarding the ancillary risk indicators on which the IAIS consulted earlier in 2025. These indicators should therefore not be incorporated into the GME/IIM methodological update. Moreover, it appears premature to include them in the data collection templates, even on an indicative basis. ANSWER TO Q1: The industry welcomes the intention of the IAIS to correct the current misleading representation of level 3 assets within the IIM methodology. Insurance Europe agrees with the issues around the level 3 assets indicator which the IAIS has	We note the caution against using the Level 3 assets as a proxy for fire sale risk given that insurers also hold liquid assets to meet cash needs, given ALM management and given that certain Level 3 assets potentially could be of a lower risk of fire sales due to the nature of those specific Level 3 assets. However, the current amendment is only intended to correct a major accounting discrepancy in the treatment of similar and in some cases even identical assets. The IAIS has a three year review cycle of the GME methodology and further aspects may be taken into account in the next review. Regarding the ancillary indicators, the IAIS anticipated that any final decision and resolution of comments would

	stated in section 2.1.1 of the consultation paper and also believes that these need to be addressed going forward. However, the industry questions if the level 3 assets indicator is an appropriate way of measuring the scale of potential fire sales of illiquid assets by an insurer in distressed financial market situations. Notably: > Insurers typically hold a large amount of highly liquid assets on their balance sheet which can be sold to generate liquidity at short notice should the need arise. > More illiquid assets, for example alternative assets, are held to a much lower extent. > Since these investments often reflect long-term assets which generate stable cash-flows they are typically used to match long-term liabilities, e.g., from life insurance contracts. > Insurers therefore have many other much more liquid assets at their disposal to generate liquidity. > Using the total amount of level 3 assets as a proxy for the scale of potential fire sales of illiquid assets by an insurer significantly overstates the systemic risk and assumes a course of action by insurers that they would usually not choose to take. Additionally, the amount of level 3 assets on an insurer's balance sheet does not necessarily only contain assets that theoretically could be sold in a crisis situation to generate liquidity. It also includes items that reflect the organisational structure of an undertaking, for example investments in associates and joint ventures. Such assets are even more unlikely to be sold as selling them would imply changing the set-up of an insurer's internal business organisation. Including these types of assets in the level 3 assets indicator again overstates the systemic relevance.	have been linked to the 2025 review of the methodology. The updated ancillary risk indicators document and related resolution of comments has also been published on the IAIS website.
Global Federation of Insurance Associations (GFIA), Global	GENERAL COMMENTS (ANSWER TO Q1 BELOW): GFIA welcomes this consultation, but notes it proposes changes without supplying any quantitative support. This makes it complex to assess the impact of the proposed modifications, such as changes in weightings or denominators. For such questions, it is important to evaluate not only the rationale behind the proposed changes, but also the appropriate degree of adjustment. The industry notes that, at the time of writing, no feedback has been shared or published regarding the ancillary risk indicators on which the IAIS consulted earlier in 2025. These	We note the concerns with regards to the lack of consistency across accounting standards and difficulties around comparing valuations across accounting standards and between insurers. However, we believe that the amendment will achieve a significant reduction in the impact from accounting

	indicators should therefore not be incorporated into the GME/IIM methodological update. Moreover, it appears premature to include them in the data collection templates, even on an indicative basis. ANSWER TO Q1: GFIA agrees with the idea of improving comparability across jurisdictions by correcting discrepancies arising from differences in accounting treatment. For this purpose, GFIA understand that the Level 3 assets indicator have been revised to include rows 30.4 and 30.5.1. However, there appears to be a lack of consistency in the aggregation of amounts under different accounting standards, such as fair value, acquisition costs, or amortised costs. While some consistency would be desirable from an accuracy perspective, unification is difficult due to differences in accounting standards across jurisdictions and among insurers. Therefore, it is important to note the difficulty of simply comparing the valuation amounts of Level 3 assets resulting from the amendment.	differences whereas remaining differences are minor in comparison and beyond the scope of this amendment.
American Council of Life Insurers, United States	We agree that the Level 3 assets indicator should have reduced weight. ACLI believes the three issues the consultation points out show that the indicator is becoming increasingly unreliable as an indicator of asset liquidity. First, as the IAIS points out, the accounting treatment (amortized cost to fair value and jurisdictional differences) can cause an increased score even with no actual change to the underlying assets. Second, we agree that the score does not accurately measure the speed at which assets can be liquidated. This is especially true for countries with higher liquidity in private markets, like the U.S. Assets can vary in liquidity depending on jurisdictional and market differences. Assets should be assessed based on their characteristics and historical trading volumes. Regarding the indicator characteristics, we support the inclusion of mortgages at fair value. We encourage the IAIS to evaluate liquidity and therefore, asset liability management (ALM), holistically and not by entity with special attention to jurisdictional and market differences. However, to the extent that Level 3 assets remain an indicator, we are supportive of making results as consistent and comparable as possible across firms and geographies (e.g., similar treatment for mortgage loans).	We note the concerns around the impact from ALM strategies and differences between different markets and jurisdictions with regards to liquidity. The IAIS has a three year review cycle of the GME methodology and further aspects may be taken into account in the next review.

Q2: Are there any potential challenges, limitations or unintended consequences associated with the new proposed definition of the level 3 assets indicator?		
Organisation	**Comment received**	**IAIS response**
the General Insurance Association of Japan, Japan	It should be noted that differences in accounting standards across jurisdictions can result in large discrepancies in the valuation amounts of Level 3 assets. For example, unlisted equity holdings are valued at acquisition cost under Japanese accounting standards and at fair value under IFRS, which could lead to differences in results. Therefore, we believe careful consideration should be given when establishing definitions.	We note the concerns around differences in accounting standards potentially leading to differences in the valuation of the underlying assets. However, we believe that the amendment will achieve a significant reduction in the impact from accounting differences whereas remaining differences are minor in comparison and beyond the scope of this amendment.
The Geneva Association, International	We support the IAIS' intention to address the misleading representation of level 3 assets in the IIM methodology. While we agree that level 3 assets may serve as one signal of complexity, we caution against using them as a proxy for potential fire sales or systemic risk. Insurers typically hold ample highly liquid assets to meet liquidity needs, and level 3 assets often comprise long-term, cash-generative investments aligned with long-dated liabilities. Additionally, level 3 includes items such as investments in associates and joint ventures, which are not intended for sale. Including these items without differentiation risks overstating systemic risk and mischaracterising insurers' asset-liability management practices.	We note the caution against using the Level 3 assets as a proxy for fire sale risk given that insurers also hold liquid assets to meet cash needs, given ALM management and given that certain Level 3 assets potentially could be of a lower risk of fire sales due to the nature of those specific Level 3 assets. However, the current amendment is only intended to correct a major accounting discrepancy in the treatment of

		similar and in some cases even identical assets. The IAIS has a three year review cycle of the GME methodology and further aspects may be taken into account in the next review.
Global Federation of Insurance Associations (GFIA), Global	It should be noted that differences in accounting standards across jurisdictions can result in large discrepancies in the valuation amounts of Level 3 assets.	We note the concerns around differences in accounting standards potentially leading to differences in the valuation of the underlying assets. However, we believe that the amendment will achieve a significant reduction in the impact from accounting differences whereas remaining differences are minor in comparison and beyond the scope of this amendment.
American Council of Life Insurers, United States	Given the problems the consultation paper highlights with this indicator and its accuracy, ACLI suggests the IAIS reevaluate whether this indicator offers utility to regulators. ACLI encourages the IAIS to provide more information regarding why real estate is the only included item for 30.4. We would also appreciate more information regarding what utility 30.5.1 offers for regulators. We'd like to point out that there are reporting differences for this indicator given FASB leveling. For example, with mod/co and funds withheld (FWH) reinsurance transactions, the reporting differences may impact the indicator accuracy.	The current amendment is only intended to correct a major accounting discrepancy in the treatment of similar and in some cases even identical assets. As such, the proposed indicator includes 30.3 (Level 3 assets), 30.4 (any assets which may have been excluded from 30.3) and 30.5.1 (any assets which would have been Level 3 if they had been reported at FV). The current amendment is

		intended to correct a major accounting discrepancy in the treatment of similar and in some cases even identical assets which should be treated equally for the purpose of assessing potential risks.

Q3: Do you have any further feedback with regards to the proposed change to the level 3 asset indicator?		
Organisation	**Comment received**	**IAIS response**
The Life Insurance Association of Japan, Japan	The Life Insurance Association of Japan (the "LIAJ") appreciates the opportunity to submit our comments to the International Association of Insurance Supervisors (the "IAIS") on the public consultation on the review of the Global Monitoring Exercise. The LIAJ supports the IAIS's proposal to change the definition of the level 3 assets indicator. However, we are concerned that simultaneous changes to the definitions of the numerators (including adjustment to the asset liquidation indicators and indicators' weighting mentioned later) and denominators may lead to significant fluctuation in the scores, potentially impairing continuity of the IIM. To address this, we suggest following approaches: i. For the 2025 data, calculate the scores based on the updated definition (to the extent possible) and disclose the methodology for converting scores from the previous definition to the updated one; and ii. For the 2026 data, calculate the scores based on both the previous and updated definitions to highlight the differences. If the IAIS has already calculated scores internally based on the proposed definitions, we would appreciate disclosure of these results. Also, when adopting the proposed annual revision of the denominators in the future, we expect the IAIS to provide measures to ensure continuity.	We note the concern regarding fluctuations in scores from simultaneous changes to numerators, denominators and weightings. The IAIS intends to provide continuity and transparency to the extent possible as the GME methodology is enhanced.

National Association of Insurance Commissioners (NAIC), USA	Support the attempts to measure the potential scale of fires sales of illiquid assets by an insurer in distressed financial market conditions. The appropriate amount of emphasis should be put on liquidity indicators such as Level 3 assets indicator. While the indicator may show the magnitude or amount of change in Level 3 assets, it does not represent actual jurisdictional liquidity of those assets. The full perspective of other liquid assets an insurer holds and could assist in distressed market conditions, or its business model that may necessitate a particular amount of assets, is valuable when assessing potential systemic risk impacts.	We note that insurers also hold liquid assets to meet cash needs, that differences in business models may have an impact on the risk of fire sales and that there are differences between different markets and jurisdictions with regards to liquidity. However, the current amendment is only intended to correct a major accounting discrepancy in the treatment of similar and in some cases even identical assets. The IAIS has a three year review cycle of the GME methodology and further aspects may be taken into account in the next review.
the General Insurance Association of Japan, Japan	Regarding Row 30.4 and 30.5, when fair value assessment is required, it is assumed that some insurers may have difficulty in making such valuations, or may require additional time to make calculations. Therefore, we would appreciate your understanding and agreement that this can be handled on a best-effort basis, such as allowing for simplified methods, or substitutions at acquisition cost.	We note the concerns around difficulties in obtaining fair value using level 3 inputs under certain accounting standards. We would expect firms to complete the templates accurately to the extent possible under relevant accounting standards and appreciate the best effort approach where data is not available.

The Geneva Association, International	We support the IAIS' intention to address the misleading representation of level 3 assets in the IIM methodology. While we agree that level 3 assets may serve as one signal of complexity, we caution against using them as a proxy for potential fire sales or systemic risk. Insurers typically hold ample highly liquid assets to meet liquidity needs, and level 3 assets often comprise long-term, cash-generative investments aligned with long-dated liabilities. Additionally, level 3 includes items such as investments in associates and joint ventures, which are not intended for sale. Including these items without differentiation risks overstating systemic risk and mischaracterising insurers' asset-liability management practices.	We note the caution against using the Level 3 assets as a proxy for fire sale risk given that insurers also hold liquid assets to meet cash needs, given ALM management and given that certain Level 3 assets potentially could be of a lower risk of fire sales due to the nature of those specific Level 3 assets. However, the current amendment is only intended to correct a major accounting discrepancy in the treatment of similar and in some cases even identical assets. The IAIS has a three year review cycle of the GME methodology and further aspects may be taken into account in the next review.
Global Federation of Insurance Associations (GFIA), Global	Regarding Row 30.4 and 30.5, when fair value assessment is required, it is assumed that some insurers may have difficulty in making such valuations or may require additional time to make calculations. Therefore, GFIA members would appreciate your understanding and agreement that this can be handled on a best-effort basis, such as allowing for simplified methods, or substitutions at acquisition cost.	We note the concerns around difficulties in obtaining fair value using level 3 inputs under certain accounting standards. We would expect firms to complete the templates accurately to the extent possible under relevant accounting standards and appreciate the best effort approach where data is not available.

American Council of Life Insurers, United States	Please see our reply to question 1. We believe the Level 3 indicator is an unreliable metric to draw comparisons between insurer balance sheets given the IAIS indicated that the indicator "may fall short as a measure of asset liquidation as it may not accurately measure the ability or speed in which the asset can be liquified." In summary, we believe ALM should be evaluated holistically at the legal-entity level with respect to jurisdictional and market differences, as well as asset characteristics. The specific needs an insurer has for liquidity and the speed at which they can liquify the assets are highly dependent on a variety of situations not captured by the indicator. For instance, the indicator focuses on the assets rather than the liabilities matched with those assets and the potential risks or need for liquidity associated with those liabilities. Observable inputs are not necessarily the best indicator of fair value. For example, market bids may disappear in times of stress for particular assets.	We note that insurers also hold liquid assets to meet cash needs, that there are differences between different markets and jurisdictions with regards to liquidity and that these markets may behave differently in times of stress. However, the current amendment is only intended to correct a major accounting discrepancy in the treatment of similar and in some cases even identical assets. The IAIS has a three year review cycle of the GME methodology and further aspects may be taken into account in the next review.

Q4: Do you have any views or suggestions on the potential introduction of a complexity category or indicator?

Organisation	Comment received	IAIS response
The Life Insurance Association of Japan, Japan	The LIAJ agrees with the IAIS's consideration of complexity in measuring systemic risk. However, we would like to note that, given the expected high complexity of the level 3 assets, treating them as a separate category could result in double-counting of risks, leading to excessively high scores. Additionally, we would like to confirm whether the consideration of complexity aligns with the proposed definitions of alternative assets set out in draft Issues Paper on structural shifts in the life insurance sector on March 19, 2025. In that case, we would like to reiterate our comment below that suggests a holistic discussion, including the possibility to consider the appropriateness	We note the concerns with regards to potential double counting and the considerations around complexity in the Issues Paper on structural shifts in the life insurance industry. We appreciate the reference to the ICS capital charges but note that the ICS is outside the scope of

	of the capital charge imposed by the ICS on assets rated Below-IG. The Issues Paper states that complexity can arise from structuring. However, the need for structuring may be driven by the relatively high capital charge imposed by the ICS on investments rated Below-IG, leading insurers that comply with the ICS to invest in the IG portion of structured products backed by assets that are Below-IG. Therefore, a possible future review of the ICS could consider the appropriateness of the capital charge for assets rated Below-IG based on the review of insurers' behaviour stated above.	this consultation. Further work on a complexity indicator will be considered in conjunction with the IAIS overall work related to the Global Monitoring Exercise. All aspects related to potential systemic risk would be considered, and any potential amendments would be subject to a public consultation as a part of the three-year cycle review of the GME.
National Association of Insurance Commissioners (NAIC), USA	Support undertaking discovery work to assist in IAIS considerations of incorporating a measure to capture complexity, especially following the work of the IAIS Macroprudential Supervision Working Group on alternative assets. If through that work or other analyses it is determined that an alternative asset may have additional supervisory issues not typically found in other non-alternative assets and based on the principles of illiquidity, uncertainty, and complexity, then the IAIS may wish to align monitoring of those assets with those principles. In that case, the IAIS may want to consider complexity as its own category so as not to confuse liquidity and complexity concerns. The IAIS should also keep in mind that each jurisdiction has different levels of supervisory concern for assets classified globally as "illiquid, uncertain, or complex" and therefore incorporate necessary and appropriate qualitative discretion and judgement when attempting to quantify globally such nuanced concepts. The IAIS should consider availability of any data to accurately represent complexity as a potential systemic risk indicator, level of incremental increased value to GME monitoring of systemic risk with any data measuring complexity, and the level of burden to insurers when reporting any such additional data. The IAIS should also consider the difficulties in using Level 3 assets as a liquidity indicator of potential global systemic risk, and if similar difficulties will be present in any complexity data.	We note the link to the Issues paper on structural shifts in the life insurance industry, the potential differences between jurisdictions and potential issues around data availability. Further work on a complexity indicator will be considered in conjunction with the IAIS overall work related to the Global Monitoring Exercise. All highlighted aspects would be considered, and any potential amendments would be subject to a public consultation as a part of the three-year cycle review of the GME.

the General Insurance Association of Japan, Japan	When establishing evaluation items and clarifying data requirements, we would appreciate it if careful consideration could be given to avoid excessive workload increases for insurers.	Noted
The Geneva Association, International	In January, the industry provided detailed feedback on the draft ancillary risk indicators and has not yet received an IAIS response. Until that dialogue is complete, those indicators should not be integrated into the GME/IIM framework, even on a 'for information only' basis. Likewise, introducing a dedicated 'complexity indicator' for level 3 assets would be a major change. Complexity is multifaceted, spanning investment practices and more; and its perception varies significantly across jurisdictions. Compressing these nuances into a single metric risks methodological bias and could unduly penalise insurers. As such, any regulatory benefit may be limited and should be weighed against potential costs. We therefore recommend that any complexity measure be the subject of its own consultation with a full methodological explanation, rather than being embedded, even provisionally, in the current package.	We can confirm that 2025 methodology review will not result in the ancillary indicators being incorporated into the IIM scoring methodology. We also note the considerations and difficulties around the definition of complexity and the variation of the perception of this between jurisdictions. Further work on a complexity indicator will be considered in conjunction with the IAIS overall work related to the Global Monitoring Exercise. All highlighted aspects would be considered, and any potential amendments would be subject to a public consultation as a part of the three-year cycle review of the GME.
Insurance Europe, Europe	The introduction of a complexity indicator should not be addressed within the current discussion but should instead be the subject of a dedicated consultation. Indeed, the complexity of an entity can be perceived very differently from one authority to another, particularly due to regional or national specificities. Moreover, complexity is inherently multifactorial. It depends on various factors, including:	We note the considerations around a wide range of factors and the potential overlap with existing indicators. Further work on a complexity

	> Legal structure, > Nature of activities, > Geographical presence, and > Investment practices. Many of these factors are already covered by existing indicators. This is a sensitive issue which, if handled hastily, could prove extremely punitive for certain entities, particularly due to potential methodological biases in the assessment approach.	indicator will be considered in conjunction with the IAIS overall work related to the Global Monitoring Exercise. All highlighted aspects would be considered, and any potential amendments would be subject to a public consultation as a part of the three-year cycle review of the GME.
Global Federation of Insurance Associations (GFIA), Global	The introduction of a complexity indicator should not be addressed within the current discussion but should instead be the subject of a dedicated consultation. Indeed, the complexity of an entity can be perceived very differently from one authority to another, particularly due to regional or national specificities. Moreover, complexity is inherently multifactorial. It depends on various factors, including: > Legal structure, > Nature of activities, > Geographical presence > Investment practices Many of these factors are already covered by existing indicators. This is a sensitive issue which, if handled hastily, could prove extremely punitive for certain entities, particularly due to potential methodological biases in the assessment approach. Should evaluation items be established and data requirements clarified, GFIA members would appreciate it if careful consideration could be given to avoid excessive workload increases for insurers.	We note the considerations around a wide range of factors and the potential overlap with existing indicators. Further work on a complexity indicator will be considered in conjunction with the IAIS overall work related to the Global Monitoring Exercise. All highlighted aspects would be considered, and any potential amendments would be subject to a public consultation as a part of the three-year cycle review of the GME.
American Council of Life Insurers, United States	We do not recommend expanding metrics to address “complexity.” We are skeptical that the limited regulatory benefit from developing a complexity indicator can possibly justify the additional cost of this indicator. Complexity does not in and of itself make an asset riskier. Complex assets often require specialized knowledge, and expertise and governance, both at the life insurer and insurance supervisory level, but with these processes in place, complex assets are simply part of	We note the concerns with regards to both the balance of benefits vs additional burden of any complexity indicator in addition to the simplicity/accuracy trade offs

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	a more diversified pool of appropriately managed assets. These macroprudential systems have a natural trade between simplicity and accuracy when used to identify a broad risk trend.	within macroprudential supervision. Further work on a complexity indicator will be considered in conjunction with the IAIS overall work related to the Global Monitoring Exercise. All highlighted aspects would be considered, and any potential amendments would be subject to a public consultation as a part of the three-year cycle review of the GME.

Q5: Do you have any comments on the potential introduction of an adjustment to the asset liquidation indicators' scores based on a measure of the insurance group's aggregate liquidity risk? If so, do you have any views on the use of the ILR as the measure of liquidity risk?		
Organisation	**Comment received**	**IAIS response**
The Life Insurance Association of Japan, Japan	The LIAJ appreciates the IAIS's consideration on the absence of ALM consideration in the asset liquidation indicators. As we have commented on the past consultation concerning ILR, we believe that the current indicators still remain a concern for the life insurance industry in Japan. We would like to make the following comments including issues we have also raised in previous public consultations. - The liquidity assessment of insurance liabilities is based on economic penalty and time restraint matrix. However, we believe this is rather over-simplified. It should be comprehensively assessed based on a wider range of perspectives such as the purpose of the insurance policy, the existence of actual economic penalty for policies with high assumed interest rates, the characteristics of insurance types and the existence of insurance policyholder protection schemes. In particular, the LIAJ propose the following three perspectives from i to iii.	We note the potential for improvements in the ILR to better capture differences in surrender ability of liabilities based on historic experiences within jurisdictions. As a result of these and other comments we do not plan to incorporate the ILR into the GME methodology during this triennial review.

	- Also, in the “Level 2 Document - Liquidity Metrics as an Ancillary Indicator” published by the IAIS in November 2022, the matrix for assessing the liquidity of insurance liabilities was divided into “retail” and “institutional” (Table 4 – ILR factors – Liability liquidity: Retail and Institutional), and the factors applied to retail were reduced to half of those applied to institutional. However, given the reason mentioned below in item i, we believe further reduction in the retail factors should be considered. i. Lowering the factor for retail: Regarding the factor level, it should be considered that our actual surrender rate is much lower than 50% for retail. – The highest mass surrender experienced in Japan had a surrender rate of about 25% (the rate of decrease in individual insurance and annuity for Toho Mutual Life Insurance Company in 1997), which was far below 50%. – As demonstrated in the IAIS’ ICS data collection, Japanese life insurance sector’s surrender rate is stable and the 50% level is very atypical from reality. ii. Segmentation of factors based on the product nature and setting the surrender penalty based on market value: Insurers run their business based on the characteristic of their domestic market so the IIM assessment indicator should also take into consideration of this reality. Specifically, we would like to propose that there should be a difference in factors between protection-based products and savings-based products, as well as setting the surrender penalty based on market value. Protection-based products are less likely to be surrendered not only because the protection will be lost at time of cancelation, but also because it would be difficult for the policy holder to repurchase a policy after the cancelation. iii. Adjustment to the time restraints on the surrender of Japanese insurance policies: Regarding time restraints on the surrender of Japanese insurance policies, we would like the IAIS to allow to categorize it for three months or more upon an event of crisis. For the IAIS liquidity metrics of insurance liabilities, the IAIS only considered surrender results during normal times. However, we understand that liquidity metrics consider insurers’ situation during a crisis; therefore, time restraints for surrenders should also consider situations during a crisis. – As for Japanese surrender results, time restraints are considered low (less than a week). This is due to early payment handling during normal times since the insurance company is required to	

	pay overdue interest if the cash surrender value is not paid within a certain time. As this payment period is not guaranteed to the policyholder and if a lack of capital occurs, it is possible for the insurance company to decide to extend the payment period and rather pay the overdue interest based on the policy's terms and conditions. Therefore, we propose the cash surrender value and overdue interest be considered as liquidity needs in terms of liquidity risk management, and the time restraints during an event of crisis be categorized as three months or more.	
the General Insurance Association of Japan, Japan	We have no objection to adjusting scores based on asset liquidation indicators and using ILR as a measure of liquidity risk. However, since the score may vary significantly depending on the setting of thresholds and multipliers, we would appreciate it if careful consideration could be given to these settings in terms of risk assessment.	We note the need for careful consideration in setting the ILR thresholds and multipliers/haircuts.
The Geneva Association, International	The consultative document suggests that the ILR will carry greater analytical weight. When first introduced it was positioned as an ancillary metric. In the proposed revised IIM methodology, the ILR is used more directly to influence systemic-risk assessment. As currently proposed, the ILR is a high-level and simplistic calculation, and does not consider jurisdictional differences in products and financial markets. The ILR should remain as an ancillary indicator due to its limitations and the IAIS may look to jurisdictional supervisors to utilise approaches that may be better indicators of liquidity risk as they are calibrated to local insurance products, financial markets, and ALM strategies. One of our concerns with the ILR has been that illiquid assets and illiquid liabilities were not considered in tandem; we consider it positive that the introductory paragraph of the asset liquidation indicators section acknowledges that investing in long-duration illiquid assets to back long-duration illiquid liabilities serves as a natural liquidity risk hedge.	We note the concerns with the ILR and the preference for it to remain as an ancillary indicator. As a result of this and other comments we do not plan to incorporate the ILR into the GME methodology during this triennial review.
Global Federation of Insurance Associations (GFIA), Global	Since the score may vary significantly depending on the setting of thresholds and multipliers, GFIA members would appreciate it if careful consideration could be given to these settings in terms of risk assessment.	We note the concern regarding the sensitivity of the indicator score to the setting of ILR thresholds and multipliers/haircuts. We do not plan to incorporate the ILR into the GME methodology during this triennial review.

Northwestern Mutual, Wisconsin, USA	Northwestern Mutual appreciates the opportunity to provide comments as the IAIS considers expanding the use of the ILR beyond its original purpose as an ancillary indicator and a trend monitoring tool. In 2021, Northwestern Mutual provided comments on Phase 1 of the development of liquidity metrics for the GME. Those comments explained how the ILR in the Exposure Approach does not adequately reflect the liquidity characteristics of individual life insurance liabilities and advocated for the use of the Company Projection Approach instead of the Exposure Approach. The comments provided here are in continuity with those comments from 2021. We appreciate the IAIS' acknowledgement of the interaction between asset liability management practices and asset liquidation. We also appreciate the interest in adjusting the asset liquidation indicator based on the liquidity risk of an individual insurer. It is essential that adjustments accurately reflect the diverse nature of liquidity risk across different insurers. The ILR, as outlined further in our response, does not provide an accurate reflection of an individual insurer's actual liquidity risk. Using the ILR as the sole measure to multiply or haircut the asset liquidation indicators would risk distorting those scores and provide a potentially false indicator of the possible build-up of systemic risk in the individual insurer. The Exposure Approach does not reflect the tremendous variation in surrender/withdrawal attributes across insurance products. The 50% factor (in the ILR 1-year time horizon) for retail products that are categorized as having "low" time restraints and economic penalties represents an extreme tail stress for some products, such as traditional cash value whole life insurance. This is an unreasonable result that mischaracterizes a product that, in our long experience, has low liquidity risk. We continue to believe that the IAIS is mistaken in identifying better global comparability as a strength of the EA ILR as it relates to comparability across insurers. Comparability of liquidity risk across companies is possible only where the measure provides a reasonably consistent assessment of the risk across the sample. Because the approach to assessing the liquidity risk associated with insurance surrender/withdrawal does not reasonably reflect the actual nature of the risk across different products, any sense of comparability across companies would be misplaced. In the Level 2 document, the IAIS has identified one of the shortcomings of the EA to be its disregard for firm-specific characteristics. Because the EA does not adequately capture firm-specific characteristics, it would be inappropriate to use its ILR to then apply different liquidity risk adjustment factors to individual insurers. The Level 2 document also acknowledges that one of the weaknesses of the Exposure Approach is the loss of information on the timing of cash flows and the potential mismatches between	We note the concerns with the ILR including the difficulty in capturing the vast differences in surrender characteristics across insurance products, as well as the timing of cashflows between liquidity needs and sources. As a result of this and other comments we do not plan to incorporate the ILR into the GME methodology during this triennial review.

	liquidity needs and sources. The potential timing mismatch between liquidity needs and sources is one of the key drivers for asset liquidation. Because the EA lacks information on the timing of cash flows, its ILR metric would not provide a reasonable indicator of potential asset liquidation. Thus, it would be inappropriate for the IAIS to then use the ILR to adjust individual insurer's asset liquidation scores. In sum, we do not believe that the ILR should be used as a measure of liquidity risk for an individual insurer or as the sole measure to adjust an insurer's asset liquidation scores in the IIM assessment. We continue to believe that the IAIS should narrow the purpose to a more achievable objective for its current liquidity metrics, which have been designed as a simple global tool. The focus should be limited to identifying liquidity trends within the industry. Where meaningful trends are identified, they could be investigated further using other tools. Further, we recommend that the Company Projection Approach be the predominant tool for analysis and that reliance on the metrics produced by the EA be limited to trend analysis.	
American Council of Life Insurers, United States	ACLI supports the IAIS's consideration of the interaction between asset liability management practices, liquidity risk, and asset liquidation indicators. Specifically, we recognize and fully support the acknowledgement that "..by investing in long-duration illiquid assets to back their long-duration illiquid liabilities, life insurers naturally hedge the liquidity risk in their asset and liability portfolios." ACLI has previously provided comments that viewing the risk of asset liquidation in isolation violates a fundamental principle of viewing liquidity holistically. However, as previously discussed in ACLI's February 2021 comments on the IAIS's Phase 1 ILR development and ACLI's April 2025 comments on the IAIS's ancillary indicators consultation, we consider the ILR to be a simplistic tool that provides signals on directional changes in industry liquidity that warrant further analysis. In the Level 2 liquidity metrics document, the IAIS acknowledges shortcomings of the "exposure approach" (and ILR) as its disregard for firm-specific characteristics and the loss of information on the timing of cash flows. Due to these shortcomings, we believe the ILR is a high-level, blunt, and potentially inaccurate tool whose use should not be expanded to adjust individual insurers' asset liquidation scores. We recommend ILR be maintained as an ancillary indicator and that the IAIS continue to develop approaches that are better suited to meet the need for more precise analysis and we recommend using CPA for such precise analysis. We also encourage the IAIS to provide deference for jurisdictional approaches that may be better calibrated to the insurance	We note the concerns with the ILR and do not plan to move forward with the proposal to incorporate the ILR into the GME methodology.

	products and asset liability management strategies prevalent at the local level, and thus provide a better indicator of insurers' actual liquidity risk.	

Q6: Do you have views on the appropriate level of the Liquidity Ratio Threshold?		
Organisation	**Comment received**	**IAIS response**
The Life Insurance Association of Japan, Japan	The LIAJ supports the intent of proposed changes to the Liquidity Ratio Threshold based on the concern described in Section 2.2.1. However, as these changes could bring continuity concerns, we would like the IAIS to disclose measures to ensure continuity, if any. Also, we expect another opportunity for stakeholders to comment on the specific LRT levels once they have been clarified.	We note the need for careful consideration in setting the ILR thresholds and multipliers/haircut and the request for stakeholder comment.
the General Insurance Association of Japan, Japan	Since specific figures and the basis for setting them have not yet been provided, we find it difficult at this time to comment on the appropriateness of the Liquidity Ratio Threshold (LRT). When setting up the LRT in the future, we would appreciate it if reasonable grounds could be provided. In addition, as the setting of thresholds can significantly affect the reflection of asset liquidation indicators, careful design is desirable.	We note the need for careful consideration in setting the ILR thresholds and multipliers/haircut and the request for stakeholder comment.
Global Federation of Insurance Associations (GFIA), Global	Since specific figures and the basis for setting them have not yet been provided, we find it difficult at this time to comment on the appropriateness of the Liquidity Ratio Threshold (LRT). When setting up the LRT in the future, we would appreciate it if reasonable grounds could be provided. In addition, as the setting of thresholds can significantly affect the reflection of asset liquidation indicators, careful design is desirable.	We note the need for careful consideration in setting the ILR thresholds and multipliers/haircut and the request for stakeholder comment. As a result of these and other comments we do not plan to incorporate the ILR into the GME methodology during this triennial review cycle.

Northwestern Mutual, Wisconsin, USA	As noted in our response to Question 5, we do not believe that the ILR is fit to use for monitoring the liquidity of individual insurers. As a result, we do not believe an appropriate level for the Liquidity Ratio Threshold can be set. Any comparison of an insurer's ILR to an LRT would give a potentially misleading indication of an individual insurer's liquidity sufficiency or shortfall.	We note your objection to the use of the ILR in the GME methodology.
American Council of Life Insurers, United States	Please see our response to question 5. In the event that the IAIS proceeds with the use of the ILR indicator, ACLI requests a formal consultation and analysis to calibrate the LRT.	We note your objection to the use of the ILR in the GME methodology and the request for a formal consultation and calibration of the LRT in the event of its inclusion.
Cayman International Reinsurance Companies Association, Cayman Islands	We support a Liquidity Ratio Threshold framework that aligns closely with the definitions and classifications contained in this draft paper, particularly relating to eligible corporate debt securities being restricted to plain-vanilla assets with readily available market values or specified external credit ratings. We note the current framework excludes structured securities, including those carrying an investment grade external credit rating. We would propose instead that depending upon the external rating of the securities, certain pre-defined "haircuts" would apply that would take into account the rating and liquidity of the instruments. This would be much more in keeping with how financial markets take into account the value of these securities in a case when they need to be liquidated.	We note your support of the inclusion and request to more carefully consider the range of liquidity among securitized products.

Q7: Do you have views on the appropriate magnitude of the haircut(s) and multiplier(s) that could be applied?		
Organisation	**Comment received**	**IAIS response**
The Life Insurance Association of Japan, Japan	The LIAJ supports the proposed changes to the assessment methodology to better reflect the actual practice of life insurers hedging liquidity risks internally by holding long-term illiquid assets and liabilities. However, we request the IAIS to ensure that threshold would not be overly skewed and that the diverse asset-liability structures within each jurisdiction and insurer is well captured. In addition, as these changes could bring continuity concerns, we would like the IAIS to disclose	We note the request to tailor the ILR and associated LRT to better capture the unique characteristics of jurisdictional asset-liability structures. We also note the request for a formal consultation and calibration of

	measures to ensure continuity, if any. Also, we expect another opportunity for stakeholders to comment on the specific levels once they have been clarified.	the LRT in the event of its inclusion.
the General Insurance Association of Japan, Japan	Since specific figures and the basis for setting them have not yet been provided, we find it difficult at this time to comment on the appropriate size of haircuts and multiplier. When setting up the Liquidity Risk Adjustment (LRA) in the future, we would appreciate it if reasonable grounds could be provided. In addition, as the setting of multiplier and haircuts can significantly affect the reflection of asset liquidation indicators, careful consideration is desirable.	We note the request for a formal consultation and calibration of the LRT in the event of its inclusion.
Global Federation of Insurance Associations (GFIA), Global	Since specific figures and the basis for setting them have not yet been provided, GFIA finds it difficult at this time to comment on the appropriate size of haircuts and multiplier. When setting up the Liquidity Risk Adjustment (LRA) in the future, it would be appreciated if reasonable grounds could be provided. In addition, as the setting of multiplier and haircuts can significantly affect the reflection of asset liquidation indicators, careful consideration is desirable.	We note the request for a formal consultation and calibration of the LRT in the event of its inclusion.
Northwestern Mutual, Wisconsin, USA	As noted in our response to Question 5, we do not believe that the ILR is fit to use for monitoring the liquidity of an individual insurer. As a result, we believe that setting a haircut or multiplier based on the ILR is inappropriate. Because the ILR does not provide sufficient accuracy of an individual insurer's liquidity or its risk of asset liquidation, applying a haircut or multiplier based on that metric would provide an inaccurate adjustment to an insurer's risk score.	We note the concerns with the ILR and the objection to its use in the GME methodology.
American Council of Life Insurers, United States	Please see our response to question 5. In the event the IAIS proceeds with using the ILR approach, we believe that the Level 3 Indicator may be meaningful only if Liquidity Coverage Ratios (LCRs) indicate that legal-entity liquidity is insufficient. In other words, a multiplier of one should be applied only if LCRs are at or below 1.0. If LCRs are above one, a haircut (or multiplier less than 1.0) should be applied to the Indicator. As LCRs rise increasingly above 1.0, the numerical value of the haircut should decrease correspondingly. In the event that the IAIS proceeds with the use of the ILR indicator, ACLI requests a formal consultation and analysis to calibrate the LRT.	We note the concerns with the ILR and the objection to its use in the GME methodology and the request for a formal consultation in the event of its inclusion. We also note the proposal for multipliers to only apply to insurers with ILR < 1 and for a continuous haircut to be applied for insurers with ILR > 1.

Q8: Do you have views on the proposed simplification of derivatives data collection?		
Organisation	**Comment received**	**IAIS response**
the General Insurance Association of Japan, Japan	As it will help clarify evaluation items and reduce the reporting burden, we agree with the direction of simplification.	Noted.
Insurance Europe, Europe	Insurance Europe supports the proposed simplification.	Noted.
Global Federation of Insurance Associations (GFIA), Global	As it will help clarify evaluation items and reduce the reporting burden, GFIA agrees with the direction of simplification.	Noted.

Q9: Do you have views on the proposed simplification of deductions from total borrowing?		
Organisation	**Comment received**	**IAIS response**
the General Insurance Association of Japan, Japan	As it will help clarify evaluation items and reduce the reporting burden, we agree with the direction of simplification.	Noted.

Insurance Europe, Europe	Insurance Europe supports the proposed simplification.	Noted.
Global Federation of Insurance Associations (GFIA), Global	As it will help clarify evaluation items and reduce the reporting burden, GFIA agrees with the direction of simplification.	Noted.

Q10: Do you have views on the proposal for the updated IFA indicator?		
Organisation	**Comment received**	**IAIS response**
American Council of Life Insurers, United States	The proposed simplifications appear to reduce complexity without impeding this indicator's ability to identify broader trends in risk from interconnectedness.	Noted.

Q11: Do you have views on the proposal for the updated IFL indicator?		
Organisation	**Comment received**	**IAIS response**
the General Insurance Association of Japan, Japan	In the case of the IFA indicator, the aggregation of derivative liabilities of financial institutions has been simplified. However, a similar approach has not been implemented regarding the IFL indicator. We would appreciate it if the IAIS could elucidate the reasoning behind this distinction. Furthermore, if this item is aggregated, it is necessary to aggregate derivatives with financial	The IFL indicator has been further simplified compared to the public consultation. Instead of using Row 39.4.a.1 (Net negative OTC derivatives with

	institutions as counterparties, and we believe that the current proposal will not lead to substantial simplification.	financial institution counterparties) Row 39.4.a (All net negative OTC derivatives) will be used.
Global Federation of Insurance Associations (GFIA), Global	In the case of the IFA indicator, the aggregation of derivative liabilities of financial institutions has been simplified. However, a similar approach has not been implemented regarding the IFL indicator. GFIA would appreciate it if the IAIS could elucidate the reasoning behind this distinction. Furthermore, if this item is aggregated, it is necessary to aggregate derivatives with financial institutions as counterparties, and GFIA believes that the current proposal will not lead to substantial simplification.	The IFL indicator has been further simplified compared to the public consultation. Instead of using Row 39.4.a.1 (Net negative OTC derivatives with financial institution counterparties) Row 39.4.a (All net negative OTC derivatives) will be used.
American Council of Life Insurers, United States	The proposed simplifications appear to reduce complexity without impeding this indicator's ability to identify broader trends in risk from interconnectedness.	Noted.

Q12: Do you have views on further changes due to the proposed amendments to IFA/IFL, including updating the short-term funding indicator and changing the ILR calculation?

Organisation	Comment received	IAIS response
	No comments received.	

Q13: Do you have further suggestions on potential simplifications of the ILR calculation with the aim to reduce the data reporting burden?		
Organisation	**Comment received**	**IAIS response**
the General Insurance Association of Japan, Japan	Under the current calculation method, positions with unrealized gains on derivative contracts are calculated as the IFA, and positions with unrealized losses on derivative contracts are calculated as the IFL. However, we believe that consolidating both on a net basis could be an alternative option to reduce the reporting burden.	We do not agree with the suggestion. Only using the consolidated net amount would considerably underestimate the interconnectedness.
Global Federation of Insurance Associations (GFIA), Global	Under the current calculation method, positions with unrealised gains on derivative contracts are calculated as the IFA, and positions with unrealised losses on derivative contracts are calculated as the IFL. However, GFIA believes that consolidating both on a net basis could be an alternative option to reduce the reporting burden.	We do not agree with the suggestion. Only using the consolidated net amount would considerably underestimate the interconnectedness.

Q14: Do you have views on the proposed adjustments to the indicators' weighting?		
Organisation	**Comment received**	**IAIS response**
The Life Insurance Association of Japan, Japan	The LIAJ supports the idea of reviewing the indicators' weighting based on changes in systemic risks over time. However, as these changes could bring continuity concerns, we would like the IAIS to disclose measures to ensure continuity, if any. Also, we expect another opportunity for stakeholders to comment on the specific weights once they have been clarified.	Thank you for your feedback. The IAIS will not implement any major changes to indicators' weights as a result of this review.
National Association of Insurance Commissioners (NAIC), USA	Support adjusting the indicators' weighting to accurately reflect systemic important in recognition of evolving macroeconomic factors.	Thank you for the comment.

American Council of Life Insurers, United States	We encourage the IAIS to elaborate why the proposed adjustments reflect systemic risk. For example, changes to the indicators' weighting would entail "shift[ing] part of the weight of the number of countries indicator to the revenues outside of the home country indicator." However, it is unclear from the consultation why the IAIS is considering this adjustment. Additionally, ACLI does not believe an insurer's global involvement alone should result in a higher risk weighting. Global involvement can indicate that insurers are utilizing important risk mitigation measures such as reinsurance and diversified investments.	Thank you for your feedback. IAIS does not anticipate making any changes to the global activity indicators' weights as a result of this review.

Q15: Do you have other views on the indicators' weighting?		
Organisation	**Comment received**	**IAIS response**
National Association of Insurance Commissioners (NAIC), USA	It is worth noting that as the IAIS is currently considering other related methodology changes, MMWG is not yet able to determine specific numerical changes. However, the final adjustments will likely not deviate significantly from the current weights.	No response required.
The Geneva Association, International	We caution against potential double or triple counting of certain data. For instance, debt and equity holdings are captured in total assets and again in intrafinancial indicators. Similarly, premiums for specific business lines may be counted in total revenues, 'premiums by business line', and 'revenues outside the home country'. Such overlaps distort results and may inflate systemic risk scores without a corresponding increase in actual risk.	Thank you for your comment. The IAIS regularly considers double counting and similar considerations when setting the weights of the indicators.

Q16: Do you have any views on updating the denominators of the IIM absolute assessment methodology?		
Organisation	**Comment received**	**IAIS response**

The Geneva Association, International	Several denominators (e.g. level 3 assets, number of countries, intrafinancial assets and liabilities) no longer reflect the scale or composition of today's re/insurance sector. Persisting with outdated market totals distorts substitutability assessments and masks genuine trends. We support recalibration, yet stress that revised denominators should be applied consistently across all affected indicators to avoid creating new biases.	Thank you for your feedback. IAIS has updated the denominators to reflect year-end 2024 data.
Insurance Europe, Europe	Updating the denominators is essential, as the values currently in use no longer reflect the realities of the (re)insurance market. Their continued application leads to a distorted view of certain aspects, such as the substitutability among market players. Furthermore, to ensure a more accurate understanding of the various market participants once the indicators have been updated (eg, level 3 assets, number of countries, IFA, IFL, etc.), it is essential that the revised denominators reflect these changes in the calculation of the indicators, so as to avoid a distorted representation of reality.	Thank you for your feedback. IAIS has updated the denominators to reflect year-end 2024 data. The updated denominators will reflect the revised methodology.
Global Federation of Insurance Associations (GFIA), Global	Updating the denominators is essential, as the values currently in use no longer reflect the realities of the (re)insurance market. Their continued application leads to a distorted view of certain aspects, such as the substitutability among market players. Furthermore, to ensure a more accurate understanding of the various market participants once the indicators have been updated (eg, level 3 assets, number of countries, IFA, IFL, etc.), it is essential that the revised denominators reflect these changes in the calculation of the indicators, so as to avoid a distorted representation of reality.	Thank you for your feedback. IAIS has updated the denominators to reflect year-end 2024 data. The updated denominators will reflect the revised methodology.

Q17: Do you have any other views on the denominators of the IIM methodology?

Organisation	Comment received	IAIS response
The Geneva Association, International	The IIM exercise is already resource intensive. Any expansion of templates – for instance, adding disaggregated liquidity data – should be offset by removing metrics that have proved immaterial or duplicative. We encourage the IAIS to pilot any new fields, publish clear definitions, and give firms sufficient lead time. Where indicators (such as the Liquidity Indicator (ILR)) are calculated, granular data requirements should be strictly limited to incremental supervisory value. While we continue to supply extensive datasets in response to successive data calls, we derive little	Thank you, noted.

	tangible benefit from the reports subsequently produced. We therefore urge the IAIS to ensure that future iterations limit the data requested.	

Q18: Do you have any views on the proposal of increasing asset thresholds to account for inflation?		
Organisation	**Comment received**	**IAIS response**
National Association of Insurance Commissioners (NAIC), USA	Paragraph 38 Support the proposed increase to asset thresholds to account for inflation, as aligned with the IMF World Economic Outlook inflation rate. Please note that over the 2019 to 2024 period, some areas of the world with significant global or developing insurance sectors, like the U.S., experienced higher inflation rates that justifies increasing these asset thresholds to about $75 and $250 billion respectively, based on the U.S. CPI for all urban consumers less food and energy. NAIC recommends adding a qualifier to allow review of asset thresholds sooner than the next triennial review cycle when high inflation rates occur (e.g. the 2022 IMF inflation rate of 7.3%). Suggest adjusting the final sentence in the first bullet of Section 5.2 to read, "These thresholds may be reviewed again in the next triennial review cycle, or sooner when an annual inflation rate experiences a large increase." If the definition of "premiums from outside the home jurisdiction" is aligned with the IIM technical specification definition to capture premiums assumed through reinsurance, then the language in paragraph 38 should be clarified to incorporate or reference the IIM Technical Specifications.	The suggestion to allow for earlier review of asset thresholds in response to high inflation is acknowledged. However, any decision to reassess thresholds outside the regular triennial cycle should also take into account the operational costs of reassessment.
the General Insurance Association of Japan, Japan	We agree with this proposal. However, we believe that it is necessary to establish reasonable selection criteria for the inflation rate, taking into full consideration that the inflation rate may reflect the background and characteristics that each country or region has.	It is acknowledged the concern regarding the selection of inflation rates that the economic context of each jurisdiction can vary significantly. However, for the purpose of maintaining consistency and comparability

		across jurisdictions, the use of a globally recognized benchmark remains preferable. In addition, many insurance groups operate across multiple jurisdictions, and their asset growth is influenced by global economic conditions rather than local inflation alone.
Global Federation of Insurance Associations (GFIA), Global	GFIA agrees with this proposal. However, GFIA believes that it is necessary to establish reasonable selection criteria for the inflation rate, taking into full consideration that the inflation rate may reflect the background and characteristics that each country or region has.	It is acknowledged the concern regarding the selection of inflation rates that the economic context of each jurisdiction can vary significantly. However, for the purpose of maintaining consistency and comparability across jurisdictions, the use of a globally recognized benchmark remains preferable. In addition, many insurance groups operate across multiple jurisdictions, and their asset growth is influenced by global economic conditions rather than local inflation alone.

Q19: Do you have any views on the proposed amendments to enhance regional balance and diversity (including the total assets USD 55 billion reference) in the Insurer Pool?

Organisation	Comment received	IAIS response

National Association of Insurance Commissioners (NAIC), USA	Paragraph 40 Support the proposed enhancement of regional balance and diversity in paragraph 40. To clarify which threshold should be used (as total assets approaches 55 billion USD) when supervisors apply their discretion to include insurers in the IIM insurer pool for purposes outlined in paragraph 40, suggest adjusting the final proposed sentence in paragraph 40 to: "This applies in particular for insurance groups approaching the criteria threshold above" This broader language requires less updates in the future and allows each jurisdiction to use their discretion to determine what definition of "approaching" is proportionally appropriate. While adding insurers for regional diversity or regional balance may be helpful such insurers should be added with specific purpose and caution. The purpose of the IIM is to monitor those firms of global systemic significance. The GME contains the SWM for a fuller balance and diverse perspective of the entire global insurance sector. Care should be taken that these two GME monitoring exercises do not converge or overlap over time, as their purposes are distinct.	Paragraph 40 have been amended to enhance clarity.
the General Insurance Association of Japan, Japan	We agree with the proposed amendment to strengthen the regional balance and diversity in the Insurer Pool. However, whether or not to include insurers with total assets exceeding USD 55 billion in the Insurer Pool should be considered from a comprehensive perspective, considering the characteristics of the respective insurers and their future growth potential.	Noted.
Insurance Europe, Europe	Insurance Europe supports the IAIS in formulating a defined threshold of total assets for identifying insurance groups that could be considered by supervisors to participate in the IIM exercise. However, setting this threshold at USD 55 billion is a disproportionate downgrade from the previous reference of 'approaching 65 billion'. This change is also disproportionate compared to the increase in the threshold for groups being committed to participate in the exercise (from USD 65 billion threshold to USD 70 billion).	Paragraph 40 have been amended to enhance clarity.

Global Federation of Insurance Associations (GFIA), Global	GFIA supports the IAIS in formulating a defined threshold of total assets for identifying insurance groups that could be considered by supervisors to participate in the IIM exercise with the aim of strengthening the regional balance and diversity in the insurer pool. However, setting this threshold at USD 55 billion is a disproportionate downgrade from the previous reference of 'approaching 65 billion'. This change is also disproportionate compared to the increase in the threshold for groups being committed to participate in the exercise (from USD 65 billion threshold to USD 70 billion). Furthermore, regardless of the final threshold level, whether or not to include insurers with total assets exceeding the threshold in the insurer pool should be considered from a comprehensive perspective, considering the characteristics of the respective insurers and their future growth potential.	Paragraph 40 have been amended to enhance clarity.

Q20: Do you have any other comments on the Insurer Pool selection criteria?

Organisation	Comment received	IAIS response
National Association of Insurance Commissioners (NAIC), USA	Paragraph 39 Suggest editing to better reflect the actual IAIS process, in particular clarifying the GWS's role in this process given their authority over, and knowledge of, the firm and having best judgement of appropriate timing for participation in annual IIM exercises. Additionally, suggest using a term other than "exceptional circumstances" so that it is not interpreted to mean "never" or "almost never." Using "limited circumstances" would underscore the robustness of the GME and IIM insurer pool processes while allowing recognition for use of GWS judgment where analytically supported. Suggest updating language in paragraph 39 to read, as follows: "39. In limited circumstances that are analytically supported, the GWS may use their judgement to recommend the IAIS not collect data from an insurer that otherwise meets the criteria, or to	The wording of paragraph 39 has been updated as suggested.

	collect data from an insurer that does not meet the criteria, to allow a more representative Insurer Pool for systemic risk analysis. ”	

Q21: Do you have any other feedback on the GME methodology for assessing systemic risk in the global insurance sector?		
Organisation	**Comment received**	**IAIS response**
National Association of Insurance Commissioners (NAIC), USA	The IAIS Holistic Framework for Systemic Risk in the Insurance Sector includes the fourth step of the GME, the IAIS collective discussion. Specifically, Section 7.1 focuses on criteria related to the IIM. Outliers, materiality criterion, and expert judgement are outlined in paragraphs 88-90 in that section. When IAIS members determine the scope of insurers from the IIM insurer pool to include in the collective discussion, there should be language in these paragraphs that allows for exclusion from the collective discussion as well as inclusion, especially for insurers who have been in the discussion the prior year or multiple years in the last several years. Having an insurer as part of the collective discussion when its circumstances and the views of its GWS are already known is not the best use of time, which could be spent instead on new or changing global systemic risk trends and/or issues. Recommend that any insurer that meets quantitative criteria to be included in the collective discussion repeatedly (two years in a row or more than once in the past several years) can be excluded from the collective discussion via expert judgment unless all quantitative collective discussion criteria (level, trend – highest bar of year-over-year total score increase by more than 15%, and outlier) are also met by the insurer. If any of the collective criteria discussion is not met for a repeated inclusion of an insurer in the collective discussion, then the insurer would be excluded. Addressing this aspect of the methodology should completed in the second half of 2025, with	We appreciate the proposal to increase the quality of the collective discussion. A complete exclusion of insurers that are triggering quantitative criteria is running the risk of missing an important element even if previously discussed. Insurers that have already been discussed in previous years may be subject to a focused approach. On the other hand, additional insurers might be discussed in order to increase the diversity of the discussion regarding the regional balance or the coverage of different business models.

	language reflecting the final outcome being included in the IAIS Holistic Framework for Systemic Risk in the Insurance Sector when published later in the year. Such an approach would help ensure productive collective discussions year to year without spending time on the things that are not new.	
the General Insurance Association of Japan, Japan	Since continuous analysis is necessary to properly identify and assess systemic risk, we agree with the ongoing reviews, and improvement of the IIM assessment methodology and the ancillary indicators. At the same time, we would like to ensure the principle of proportionality at the point of implementation. In addition, as it would generally be overly burdensome for insurers to create new data that they do not hold, we would like to ask for your understanding and agreement to such data being handled and submitted on a best-effort basis. In implementing the current GME, there are many aspects that are difficult to determine from the specifications and workshops alone. We recognize that the IAIS has accumulated expertise in the GME, which has been conducted six times so far, and we look forward to sharing key Q&As from each jurisdiction with the insurer pool.	The data collection exercise should generally be completed in close consultation with the Relevant Authorities, whereby any uncertainty regarding how best to provide the data items requested within the time available is discussed and preferably agreed with them. It is understood that this particularly applies data elements newly introduced in the GME. We welcome receiving your detailed questions in the Q&A process that is part of each data collection.
Insurance Europe, Europe	In general, the industry is of the opinion that the IIM methodology still includes several flaws that should be addressed going forward. The current methodology inherently punishes size, for example, in the “Size” and “Global activity” categories. Insurers benefit greatly from the law of large numbers and from diversification of risks. Notably: > Insurers reduce the relative risk of losses by insuring a large number of independent units of risks. > Many insurers further reduce risk and loss volatility by writing several lines of business, and	Both the "Size" and "Global activity" categories have a lower weight in the methodology than other categories. This intends to alleviate concerns with respect to double counting any items in the total score. While global diversification might have positive effects in a going concern scenario, in a recovery

	across several countries. > The larger the number of units, and the more diversified by line of business and geography, the more stable the business is, in general. However, these aspects are neglected in the aforementioned categories. > Considering two hypothetical insurers, with the same level of written premiums: >> One of them writes its premiums in many different countries and therefore diversifies its risks, >> While the other writes all of its premiums in its home country. > Under the current IIM methodology, all else being equal, the insurer that writes its premiums in many countries would get the higher score and would be considered more systemically risky. The failure of the insurer focusing on only its home country would likely be more impactful on its this country due to the singular business focus. Additionally, by using total assets and total revenues as indicators, the IAIS IIM methodology leads to a double counting in the overall score. Notably: > Total assets: For example, some data items that are already included as part of total assets are used in other indicators as well (e.g., holdings of debt securities or equity as part of the indicator intra-financial assets). Therefore, they are taken into account twice in the calculation of the total score. > Total revenues: For example, premiums included in the indicator “premiums for specific business lines” are also part of total revenues. Premiums for specific business lines that are written outside of an insurer’s home country are taken into account three times in the derivation of the total score, as these premiums are: >> Part of the insurer’s total revenues, >> Used for the indicator “revenues outside of home country”, and >> Included in “premiums for specific business lines”. It appears unjustified that premiums written for example in aviation, marine or credit insurance contribute three times or that certain types of assets contribute twice to an insurer’s total systemic risk score.	or resolution scenario size and global activity add further complexity to the necessary steps from a supervisory perspective.

Global Federation of Insurance Associations (GFIA), Global	Since continuous analysis is necessary to properly identify and assess systemic risk, GFIA agrees with the ongoing reviews, and improvement of the IIM assessment methodology and the ancillary indicators. At the same time, GFIA would like to ensure the principle of proportionality at the point of implementation. In addition, as it would generally be overly burdensome for insurers to create new data that they do not hold, GFIA would like to ask for your understanding and agreement to such data being handled and submitted on a best-effort basis. In implementing the current GME, there are many aspects that are difficult to determine from the specifications and workshops alone. GFIA recognises that the IAIS has accumulated expertise in the GME, which has been conducted six times so far, and GFIA looks forward to sharing key Q&As from each jurisdiction with the insurer pool.	The data collection exercise should generally be completed in close consultation with the Relevant Authorities, whereby any uncertainty regarding how best to provide the data items requested within the time available is discussed and preferably agreed with them. It is understood that this particularly applies data elements newly introduced in the GME. We welcome receiving your detailed questions in the Q&A process that is part of each data collection.

Q22: Do you have any feedback on the IAIS reporting of the outcome of the GME to the public (through the Global Insurance Market Report) and to participating insurers?

Organisation	Comment received	IAIS response
National Association of Insurance Commissioners (NAIC), USA	Support sharing outcomes of the GME in the GIMAR and with participating insurers as has been completed in the past. Suggest considering whether the mid-year GIMAR is useful or whether it could be done away with (or made much shorter) to focus efforts on one year-end report. The same level of confidentiality and anonymity should be maintained in the GME.	Noted. Further improvements of the reporting in the mid-year GIMAR will be discussed in 2026.
the General Insurance Association of Japan, Japan	At last year's GIMAR, it was noted that the characteristics of systemic risk within the insurance sector differ greatly depending on the type of business, such as non-life, life, and life/non-life combined. Therefore, in analyzing the results of the GME evaluations in GIMAR, PIRs, etc., it is expected that the risk characteristics of each type of life and non-life insurance business will be clarified and compared more clearly.	The differences between potential systemic risk in life and non-life business are well addressed in the collective discussion in the IAIS. We will

		attempt to better reflect these differences also in the GIMAR.
Global Federation of Insurance Associations (GFIA), Global	At last year's GIMAR, it was noted that the characteristics of systemic risk within the insurance sector differ greatly depending on the type of business, such as non-life, life, and life/non-life combined. Therefore, in analysing the results of the GME evaluations in GIMAR, PIRs, etc., it is expected that the risk characteristics of each type of life and non-life insurance business will be clarified and compared more clearly.	The differences between potential systemic risk in life and non-life business are well addressed in the collective discussion in the IAIS. We will attempt to better reflect these differences also in the GIMAR.