

# **Peer review of reinsurance and other forms of risk transfer relative to the standards set out in Insurance Core Principle 13**

**April 2026**



## About the IAIS

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions. The mission of the IAIS is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability.

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

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

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This document was prepared by the IAIS Expert Team of the Peer Review Process on ICP 13 in consultation with IAIS members.

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## Executive summary

1. This report provides the aggregate assessment results and observations from the IAIS Peer Review Process (PRP) on the topic of reinsurance and other forms of risk transfer, covering the standards set out in Insurance Core Principle (ICP) 13.<sup>1</sup>
2. A total of 80 authorities participated in the PRP, of which 20 responses came from IAIS members of the Financial Stability Board (FSB) jurisdictions and 28 from IAIS members in the Organisation for Economic Co-operation and Development (OECD) jurisdictions. Both figures include the six United States (US) member states that participated. Every IAIS region was represented.<sup>2</sup>
3. The assessment questionnaire was developed by the PRP Expert Team and consisted of 58 questions in total. Of those, 36 questions in Part 1 of the questionnaire were used to assess the level of observance, covering the six standards applicable to reinsurance and other forms of risk transfer (ICP 13).
4. The 22 open-ended questions in Part 2 of the questionnaire were focused on supervisory practices. Additionally, two optional questions were included to collect responses on risk mitigation and cross-border supervision. Based on the answers received, the Expert Team identified illustrative examples that offer valuable insights into the effective implementation of the standards. These illustrative examples can be found in Section 3 of this report, along with the selected standards for ICP 13.
5. Table 1.1 provides a summary of the results (by nature of jurisdiction and based on the final individual reports of each member):

**Table 1.1**

ICP 13 results	FSB jurisdictions	Other OECD jurisdictions <sup>3</sup>	Other jurisdictions <sup>4</sup>	Total respondents
<b>Observed</b>	13	6	8	27
<b>Largely Observed</b>	6	6	29	41
<b>Partly Observed</b>	1	1	9	11
<b>Not Observed</b>	0	0	1	1
<b>Not Applicable</b>	0	0	0	0
<b>Total</b>	20	13	47	80

<sup>1</sup> As adopted in December 2024, with the latest revisions to ICP 13 made in November 2017.

<sup>2</sup> Annex 2 sets out the categorisation of participating IAIS members by IAIS region and according to membership of the FSB and OECD.

<sup>3</sup> Fifteen FSB jurisdictions are also OECD jurisdictions. “Other OECD jurisdictions” refers to the authorities from jurisdictions that, although members of the OECD, are not represented at the FSB.

<sup>4</sup> “Other jurisdictions” refers to the authorities from jurisdictions that are not OECD or FSB members.

6. The assessment showed a high level of observance for ICP 13 and its standards. Eighty-five per cent of members received ratings of either Observed (34%) or Largely Observed (51%), demonstrating that supervisors have, and are exercising, the necessary legal authority and supervisory practices. The overall effectiveness was deemed sufficiently robust, with no material risks left unaddressed in requiring insurers to effectively manage their use of reinsurance and other forms of risk transfer.
7. Risk transfer to capital markets was challenging to assess due to differing interpretations and limited relevant arrangements across members. Over 70% of members rated it as Not Applicable, with 30% prohibiting risk transfer to capital markets and 40% permitting it but lacking utilisation or authorised Special Purpose Entities (SPEs). All members for which Standard 13.6 is applicable were rated as either Observed or Largely Observed. IAIS supporting materials may continue to assist supervisors in assessing these transactions, including their structure and unique features, to facilitate effective implementation.
8. When categorised by nature, FSB jurisdictions (65% Observed and 30% Largely Observed) exhibited the highest level of observance; by region, Western Europe and North America demonstrated the highest level of observance (75% and 71% observed ICP 13, respectively).
9. In terms of observance per standard, most members complied with Standards 13.1 and 13.2, requiring appropriate reinsurance programmes and internal controls. Standards 13.3 and 13.5 also had high observance, effectively addressing the economic impact of risk transfer and liquidity management. Although Standard 13.4 also showed high levels of Observance, there was variation, with over 30% of members partially or not considering the supervision performed in the reinsurer's jurisdiction when supervising ceding insurers purchasing reinsurance across borders. Standard 13.6 showed high observance where it is applicable to the jurisdiction.
10. Annex 4 (restricted to IAIS members only) shows the high-level results of each jurisdiction for ICP 13. This annex is not public and is available on the IAIS members extranet.
11. The Expert Team completed the initial draft of individual reports for each of the 80 participating members. These reports were sent to the members for their review and comment, and 216 comments were received. The Expert Team took into account feedback from members and accepted corrections, provided there was sufficient supporting information.
12. The individual reports sent to each participating member do not include jurisdiction-specific recommendations for enhancing observance. The IAIS Member Assessment Programme (MAP) offers a more intensive and comprehensive review of a jurisdiction's implementation of supervisory material; therefore, more in-depth feedback regarding gaps or recommendations are reserved for that programme.

## Introduction

13. The mission of the International Association of Insurance Supervisors (IAIS) is to:
  - Promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and
  - Contribute to global financial stability.
14. In support of this mission, the IAIS has identified the implementation of the Insurance Core Principles (ICPs) by insurance supervisors as one of its strategic priorities. This priority was reaffirmed in the 2025–2029 Strategic Plan. The IAIS' By-Laws state that IAIS members commit to undergoing “periodic self-assessments and peer reviews”.
15. The IAIS' Assessment Programme consists of three distinct but complementary assessment processes:
  - A Peer Review Process (PRP), which is a thematic assessment tool for use by a wide range of IAIS members, conducted regularly for different ICPs;
  - Enhanced access to self-assessment tools with the establishment of a Self-Assessment Tool (SAT), allowing IAIS members to undertake a self-assessment on demand; and
  - A Member Assessment Programme (MAP), which provides a comprehensive, more in-depth review of the implementation of supervisory material.
16. The objectives of the PRP are to:
  - Identify and analyse the level of observance of the standards relating to the assessment theme, including a reference to regional and global implementation status;
  - Assess the effectiveness of implementation of the standards in a consistent and coherent manner;
  - Identify findings and illustrative examples that should be communicated to participating IAIS members to encourage effective implementation in their supervisory practices; and
  - Provide input to implementation partners in areas where there are regional or global implementation challenges.
17. One key feature of the PRP is the inclusion of illustrative examples in the aggregate report, which provide valuable information as to how the ICPs could be implemented in an effective manner. This report includes a synthesis of illustrative examples for selected standards in cases where the Expert Team thought that examples of implementation could benefit members' observance of the standards.
18. The Expert Team that conducted this PRP consisted of Brad Roberts (US, FRB), Matthew Symes (Bermuda), Yacine Bizouard (China, Hong Kong), Nathalie Quintart (France), Jaggali Meenakumari (India – IRDAI), Kondelelani Muthaphuli (South Africa – PA), Monica Macaluso (US – National Association of Insurance Commissioners (NAIC)/California), and Andrew Shaw (US – FIO). The IAIS Standards Assessment Working Group (SAWG) and

the Secretariat are grateful to the Expert Team volunteers, who put in many weeks of hard work to assess the participating authorities.

19. The Expert Team's work was supported by Sharon Lin, Conor Donaldson and Danita Pattemore from the IAIS Secretariat.

## Acronyms

AIR	Asset-intensive reinsurance
CEET	Central, Eastern Europe and Transcaucasia
ERM	Enterprise Risk Management
ExCo	Executive Committee
FSB	Financial Stability Board
IAC	Implementation Assessment Committee
IAIGs	Internationally active insurance groups
IAIS	International Association of Insurance Supervisors
ICP	Insurance Core Principle
MAP	Member Assessment Programme
MMoU	Multilateral Memorandums of Understanding
NAIC	National Association of Insurance Commissioners
OECD	Organisation for Economic Co-operation and Development
ORSA	Own Risk and Solvency Assessment
PRP	Peer Review Process
SAT	Self-Assessment Tool
SAWG	Standards Assessment Working Group
SPEs	Special Purpose Entities
US	United States

# 1 Scope and assessment methodology

## 1.1 Scope

20. This PRP covers the thematic topic of reinsurance and other forms of risk transfer, relative to the standards set out in ICP 13. The PRP assesses the standards that apply to insurance supervision in all jurisdictions regardless of the level of development or sophistication of insurance sectors, and the type of insurance products or services being supervised. The ICPs are applicable to the supervision of all insurers within a jurisdiction, including internationally active insurance groups (IAIGs).
21. The current version of ICPs as adopted in December 2024 was used as the basis for the assessment.<sup>5</sup> The latest revisions to ICP 13 were made in November 2017.

## 1.2 Assessment methodology

22. The ICPs set forth the objectives of insurance regulation and supervision, and are the basis for assessing the regulatory framework and supervisory practices within a jurisdiction. The ICP Assessment Methodology sets out the factors that should be considered in assessing observance of the ICPs and describes how observance should be evaluated.
23. The Principle Statement for the ICPs is general, recognising that supervisors require flexibility to determine how to achieve the objectives in their particular domestic context (eg legal and market structure). The standards set forth requirements that are fundamental to the implementation of each ICP and provide the basis for assessing observance. The assessment approaches, particularly those applied under the MAP, are adopted and used as benchmarks for this assessment.
24. This PRP follows the ICP Introduction and Assessment Methodology.

Although an individual ICP may focus on one particular subject, the ICPs need to be considered as a whole, with overarching concepts being relevant throughout.<sup>6</sup> Generally, the ICPs are equally applicable to the business of insurers and reinsurers. Where the ICPs do not apply to reinsurers, this is indicated in the text.

In general, an ICP will be considered **Observed** whenever all the standards are considered to be observed or when all the standards are observed except for a number that is considered not applicable. The supervisor must have and must exercise, when required, the legal authority and supervisory practices to effectively satisfy the requirements of the standard. An ICP will be considered **Not Applicable** when the standards do not apply given the structural, legal and institutional features of a jurisdiction. For an ICP to be considered **Largely Observed**, only minor shortcomings may exist that do not raise any concerns about the supervisor's ability to achieve full observance of the ICP. An ICP will be considered **Partly Observed** whenever the shortcomings are sufficient to raise doubts

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<sup>5</sup> See [ICPs and ComFrame - International Association of Insurance Supervisors](#).

<sup>6</sup> The Expert Team notes that, although reinsurance and other forms of risk transfer are the core focus of ICP 13, the topic is also relevant to, and referenced within, the standards and guidance of a number of other ICPs. For the purposes of this peer review, such references were considered only where they were directly relevant to ICP 13, with relevant responses informing the assessment of observance of the applicable ICP 13 standards. The Expert Team's judgment was informed by the existence of prior PRP exercises on other ICPs.

about the supervisor’s ability to achieve observance. An ICP will be considered **Not Observed** whenever there is no substantive progress toward achieving observance.

## 2 Member participation

25. The IAIS received responses from 80 authorities representing all IAIS regions and a range of market sizes. In general, the composition and size of the sample provided a strong base of illustrative examples and a global/regional picture of implementation.
26. Every IAIS region was represented. Regarding the nature of the jurisdictions, 20 responses were from IAIS members in Financial Stability Board (FSB) jurisdictions and 28 were from IAIS members in the Organisation for Economic Co-operation and Development (OECD) jurisdictions, with both figures including six US member states. There were 47 participating IAIS members from non-OECD/non-FSB member jurisdictions.

**Table 2.1**

IAIS region	Respondents and participation rate		FSB jurisdictions	Other OECD jurisdictions <sup>7</sup>	Other jurisdictions
North America	7	67% <sup>8</sup>	7	0	0
Latin America	7	58%	1	1	5
Western Europe	12	55%	6	4	2
Central, Eastern Europe and Transcaucasia	16	53%	0	7	9
Asia-Oceania	16	50%	5	1	10
Middle East and North Africa	4	29%	0	0	4
Offshore and Caribbean	11	65%	0	0	11
Sub-Saharan Africa	7	30%	1	0	6
<b>Total</b>	<b>80</b>	<b>51%<sup>9</sup></b>	<b>20</b>	<b>13</b>	<b>47</b>

<sup>7</sup> Thirteen OECD jurisdictions are not FSB member jurisdictions.

<sup>8</sup> Six US member states participated. In total, IAIS individual members in the US include 50 states, the District of Columbia and five US territories, as well as the US National Association of Insurance Commissioners (NAIC), which is a member in its own right. For the participation rate above, the North America denominator includes the US as a whole.

<sup>9</sup> Some jurisdictions have more than one member; therefore, “156 active members” was used as the denominator as detailed in the IAIS Directory since June 2025, when the PRP survey was launched.

### 3 Assessment results, observations and illustrative examples

#### 3.1 Insurance Core Principle (ICP) 13

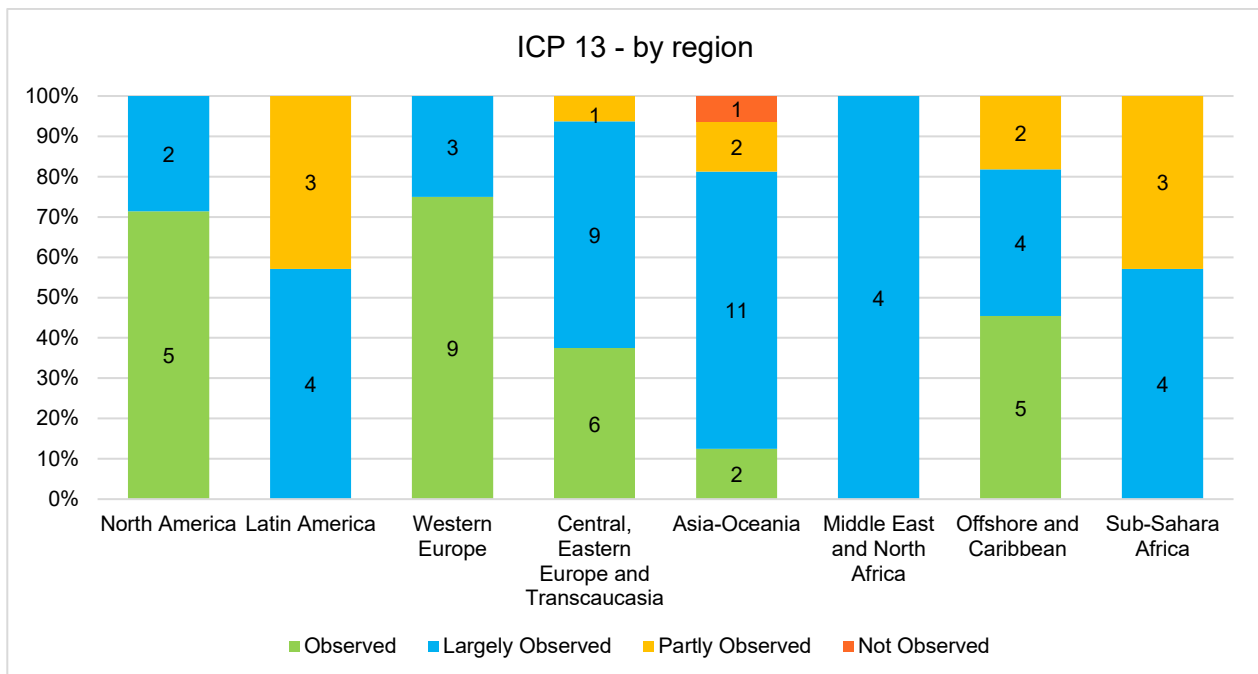
##### *ICP 13 Reinsurance and other forms of risk transfer*

The supervisor requires the insurer to manage effectively its use of reinsurance and other forms of risk transfer. The supervisor takes into account the nature of reinsurance business when supervising reinsurers based in its jurisdiction.

##### 3.1.1 Analysis of observance level

###### Overall result

- 27. The majority of members received ratings of either Observed (27 members – 34%) or Largely Observed (41 members – 51%). When categorised by nature, FSB jurisdictions (65% Observed and 30% Largely Observed) exhibited the highest level of observance; by region, Western Europe and North America demonstrated the highest level of observance (75% and 71% observed ICP 13, respectively).
- 28. The assessment questionnaire concerning ICP 13 contained 36 questions, covering six standards.
- 29. Detailed breakdown of results by region (see also Annex 3):

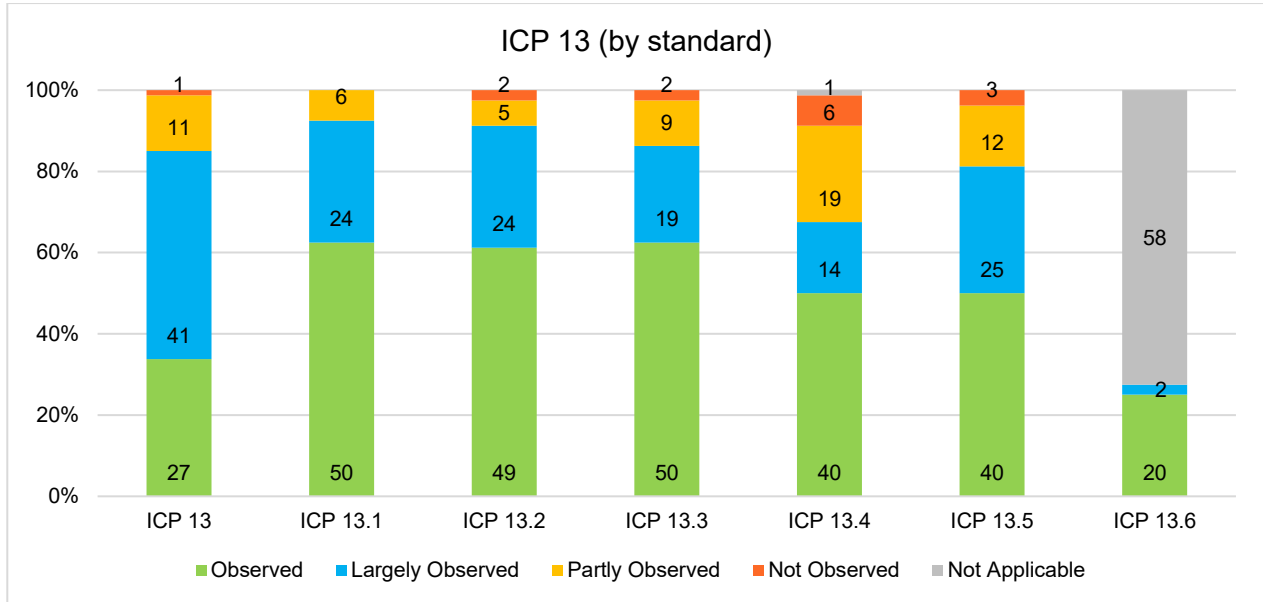


30. The overall level of observance for ICP 13 was robust, with 34% of participating members assessed as Observed and 51% assessed as Largely Observed. By region, Western Europe and North America exhibited the highest observance level, followed by Offshore and Caribbean, while other regions showed higher numbers in the Largely Observed or Partly Observed categories.

*Details on the level of observance per standard*

31. By standard, the Observed/Largely Observed rate varied across jurisdictions, ranging from 28% for Standard 13.6 and 68% for Standard 13.4 to 91% for Standard 13.2 and 93% for Standard 13.1.
32. Standard 13.6 was not applicable for the majority of jurisdictions, where risk transfer to capital markets is either permitted but is yet to be utilised by ceding insurers in the jurisdiction, or explicitly not permitted. Despite the high levels of Non-Applicability (72.5% of members), for most remaining members the standard was Observed (25% of members), with a small minority (2.5% of members) with a rating of Largely Observed.
33. The majority of members observed Standards 13.1 and 13.2, with most supervisors mandating that ceding insurers have an appropriate reinsurance programme and effective internal controls for its implementation. Over 90% of members received ratings of Observed/Largely Observed for these standards.
34. In addition, the levels of observance for Standards 13.3 and 13.5 were relatively high, with over 80% of members receiving ratings of Observed/Largely Observed. Aspects of the economic impact of the risk transfer and liquidity management were well addressed.
35. For Standard 13.4, the observance level was distributed across all categories, with half of members being Observed and approximately 30% either Partly Observed or Not Observed. In supervising ceding insurers purchasing reinsurance across borders, the extent with which, and methods of how, supervisors take into account the supervision performed in the jurisdiction of the reinsurer varies amongst participating jurisdictions.

36. Detailed breakdown of results by standard:



**3.1.2 Areas for improvement**

37. Amongst the members not fully observing Standard 13.1, although authorities have supervisory expectations for reinsurance programmes, these are either not supported by binding legislation or not fully integrated into ceding insurers’ overall risk and capital management strategies. Supervisory reviews are not sufficiently systematic and group-wide reinsurance strategies remain underdeveloped, which underscores the need for more comprehensive implementation.
38. For Standard 13.2, ceding insurers in some jurisdictions lack full implementation in: (1) reflecting reinsurance programme characteristics and credit risk in capital adequacy and Own Risk and Solvency Assessment (ORSA); (2) establishing effective internal controls for reinsurance programme implementation; and (3) integrating reinsurance programme controls into overall risk management, ensuring controls and oversight are suitable in the context of the ceding insurer’s business.
39. Some members lack explicit requirements to fully implement Standard 13.3 and only review the economic impact of relevant transactions in cases of actual or potential supervisory concerns. The Expert Team encourages members to establish clear requirements for ceding insurers to demonstrate the economic impact of the risk transfer originating from their reinsurance contracts, and to incorporate the assessments of these requirements into ongoing supervision.
40. In relation to Standard 13.4, some supervisors of ceding insurers only consider the supervision performed in the jurisdiction of the reinsurer on a selective basis, most commonly where relevant supervisory concerns had been identified. Supervisory practices in these jurisdictions instead place a primary reliance on the ceding insurer’s own assessment of the risks associated with the purchase of reinsurance on a cross-border basis. The Expert Team encourages members that supervise ceding insurers purchasing

reinsurance across borders to develop consistent approaches to take into account the supervision performed in the jurisdiction of reinsurers.

41. The implementation of Standard 13.5 in many jurisdictions involves integrating liquidity risk into the ORSA within the ceding insurer's Enterprise Risk Management (ERM) framework. Others rely on overall risk management, where the risk management process does not specifically address the reinsurance programme. Supervisory review could support further assessments, requiring ceding insurers to take appropriate measures to manage and mitigate their liquidity risk, including funding needs in adverse circumstances.
42. Standard 13.6 proved challenging to assess, as the Expert Team's review of the qualitative information submitted by members indicated that there were differences in how the standard's scope and intent were interpreted, particularly in jurisdictions that do not currently have examples of the types of arrangements detailed in the standard. The standard was rated as Not Applicable for 72.5% of members. Insights from responses indicated that:
  - a. Around 40% reported that they do not permit risk transfer to capital markets; and
  - b. Consistent with established IAIS assessment approaches, including those applied under the MAP, Standard 13.6 was assessed as Not Applicable for members where risk transfer to capital markets is permitted (eg prior approval of alternative risk transfer is required) but yet to be utilised by ceding insurers in the jurisdiction, or where a licensing framework for Special Purpose Entities (SPEs) exists but no SPEs have been authorised by the member concerned. Around 30% of members were found to belong to this category.
43. On Standard 13.6, implementation involves two aspects. For ceding insurers, several members permit risk transfer to capital markets, though not all have specific processes in place. For assuming reinsurers, most members require SPEs to be licensed, but a minority do not. Members are advised to evaluate whether this creates a shortfall in risk transfer capacity or risks from unlicensed entities assuming such transactions. IAIS supporting materials may continue to help supervisors assess reinsurance and other forms of risk transfer, including their structure and unique features.

### **3.1.3 Illustrative examples**

44. The IAIS has undertaken this PRP to provide members with a tool to assess their current level of implementation. In addition to providing valuable input for supervisory authorities looking to enhance their ICP observance, the Expert Team considered members' responses to several open-ended and optional questions included in the questionnaire, to provide valuable insights regarding how authorities have incorporated ICP 13 into their supervisory practices.
45. In total, the questionnaire included 22 open questions related to five standards (of which 71% of members responded) and two questions relating to mitigation of reinsurer credit risk and the sophistication of the market participants as outlined in Guidance 13.2.4 (of which 70% of members responded) and 13.4.1 (of which 45% of members responded). Responses to these questions, as well as the qualitative input provided in the comment boxes of the questionnaire and during the feedback loop, were used to produce illustrative examples from member jurisdictions.

*Detailed results by standard:*

**Standard 13.1 The supervisor requires ceding insurers to have a reinsurance programme that is appropriate to their business and part of their overall risk and capital management strategies.**

*General practices:* Supervisors generally require insurers to maintain a formal, documented reinsurance programme that is expected to be an integral component of the insurer's overall risk management, capital management and governance framework.

46. Reinsurance strategies in many jurisdictions across IAIS regions must be Board-approved and define risk appetite, retention levels and other key criteria. Supervisory oversight is exercised through a combination of routine supervisory engagement, actuarial and financial analysis and risk-based supervision, often supplemented by ORSA reviews, with supervisors assessing both the technical design and the practical effectiveness of reinsurance programmes, including their resilience under severe stress and catastrophe scenarios and their consistency with underwriting strategy and capital planning. Supervisors can mandate remedial actions if weaknesses or misalignments are found.
47. A member from Asia-Oceania provides guidance on the preparation of the actuarial investigation report, requiring actuaries to disclose material reinsurance arrangements, explain compliance with regulatory conditions and detail how reinsurance is considered in valuations and business profiles. The supervisor also monitors global developments in the reinsurance market and evaluates whether to adjust supervisory expectations. By having insurers consult with the supervisor before entering into asset-intensive reinsurance (AIR) arrangements,<sup>10</sup> the supervisor ensures a comprehensive review of risks, safeguards, counterparty assessments, and solvency and liquidity positions under both base and stress scenarios.

**Standard 13.2 The supervisor requires ceding insurers to establish effective internal controls over the implementation of their reinsurance programme.**

*General practices:* In general, effective internal control requirements of ceding insurers are implemented through a combination of explicit and implicit legislative provisions and supervisory guidance. These requirements collectively establish expectations for internal audit, risk management, the actuarial function and Board oversight, with different instruments addressing distinct facets of the framework rather than a single consolidated document. In jurisdictions that are members of a multinational standard-setting organisation, the framework is largely anchored in the multinational requirements and guidance, supplemented by domestic legislation and supervisory guidance to enhance and clarify expectations.

*Summary of illustrative examples:* Effective implementation is often indicated through a combination of certifications by cedents and ongoing supervisory reporting, monitoring, audits and on-site inspections. These mechanisms demonstrate that ceding insurers' reinsurance programmes form an integral part of their broader risk management strategies.

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<sup>10</sup> The IAIS has published a comprehensive supervisory analysis and agreed on a path forward to respond to potential risks arising from the increasing allocation to alternative assets and adoption of cross-border AIR by life insurers. Please refer to the [press release](#) and [Issues Paper](#) published in November 2025.

48. Supervisory oversight in a jurisdiction from Offshore and Caribbean is a continuous process that begins at the licensing stage and extends throughout the insurer's lifecycle, with the supervisory framework integrating the reinsurance strategy directly into the insurer's initial risk appetite and governance framework. Supervisors require insurers to maintain comprehensive risk registers and conduct forward-looking stress tests to evaluate how adverse market conditions or counterparty failures might impact capital and surplus. By incorporating reinsurance credit risk capital charges into the solvency framework, the jurisdiction ensures that the cedent's reinsurance activities are tied to financial resilience. To better understand the impact of a recapture scenario for a cedent, the supervisor may require targeted or thematic supervisory reviews. Internal controls are expected to include policies and procedures related to the monitoring of outward reinsurance arrangements and forward-looking modelling to analyse and manage the recapture of risks that were previously ceded.
49. Supervisory practices in two jurisdictions from Western Europe emphasise Board accountability for reinsurance, requiring reinsurance protections to align with evolving risk profiles. Boards must approve reinsurance policies detailing security conditions, triggers for revisions and contingency plans for risks like recapture or early termination. Full collateralisation and regular asset verification mitigate credit risk, while insurers are expected to model risks and integrate reinsurance credit risk into long-term capital planning to ensure financial resilience.<sup>11</sup> For insurers operating within larger groups, a critical supervisory focus is ensuring that Boards of individual insurance undertakings are responsible for the effective, prudent and ethical oversight of the insurance undertaking and for setting business strategy. By utilising ORSA simulations and challenging independent non-executive directors on the prudence of their collateral requirements, especially in intragroup transactions, supervisors assess whether internal controls remain effective even when legislative constraints limit formal security mandates.
50. In addition, participating members were given the option of answering the question "Which of the following options do ceding insurers in YOUR JURISDICTION utilise to mitigate reinsurer credit risk", as ceding insurers have various options to mitigate reinsurer credit risk (as per Guidance 13.2.4). Across all regions, nearly 70% of respondents observed that in their jurisdictions, ceding insurers employ mitigation measures such as establishing criteria for the financial condition and claims payment record of eligible reinsurers, as well as ensuring a spread of risk amongst a number of reinsurers.

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<sup>11</sup> Detailed practices include a highly structured approach to reinsurer credit risk. A key supervisory practice is the requirement for a formal, Board-approved reinsurance policy that outlines security requirements conditions under which additional protections must be obtained and triggers for revising arrangements, such as credit downgrades. In the life insurance sector, a notable control is the systematic requirement for full collateralisation of reinsurance for products with savings components. This ensures that credit risk is mitigated through deposited or pledged assets, which are verified by supervisors on a quarterly basis. The supervisory regime also places elevated weight on the technicalities of contract boundaries and termination clauses. Internal controls must account for how early termination rights—triggered by rating downgrades or solvency breaches—might shorten the period of risk mitigation and thus reduce the capital relief an insurer can claim. Insurers are expected to model these "reversion risks" within their ORSA and demonstrate through contingency planning how they would absorb increased underwriting volatility and replace reinsurance cover. Through contingency planning and the integration of reinsurance credit risk into long-term capital planning, the jurisdiction seeks to reduce cedents' sensitivity to reinsurer performance.

**Standard 13.3 The supervisor requires ceding insurers to demonstrate the economic impact of the risk transfer originating from their reinsurance contracts.**

*Summary of illustrative examples:* Most jurisdictions require ceding insurers to demonstrate the economic impact of risk transfer from reinsurance contracts to prove solvency, with supervisors expecting these contracts to meet accounting standards established for reinsurance.

51. A member from Asia-Oceania utilises a set of criteria to recognise the risk-mitigating effects of reinsurance contracts for solvency purposes under a range of gross loss scenarios, emphasising that the net risks retained are commensurate with the ceding insurer's financial resources and risk. Regulatory approval, reviews and confirmations by both the external auditor and the appointed actuary are required based on the materiality of the risk transferred.
52. Two members from Central, Eastern Europe and Transcaucasia (CEET) and Middle East and North Africa focus on sufficient information about policy limits, net retention and information on the lead reinsurer, by each line of business, to allow informed judgments about the degree of risk transfer in an economic sense. Regular reporting is utilised, including reporting of the economic impact of outward reinsurance presented when calculating the required level of solvency margin, the maximum aggregate net retention indicator, and disclosure of technical provisions and reinsurance assets in compliance with the IFRS 17 accounting standard for insurance contracts from both ceding insurers and reinsurers. Similarly, a member from North America requires the ceding insurer to provide upon request a complete description of all its reinsurance arrangements. This includes the levels of reinsurance, the due diligence performed on reinsurance counterparties and the proportion of cessions to both registered and unregistered reinsurers. Additionally, the ceding insurer is required to promptly inform the supervisor if it becomes aware of any reinsurance issues that could materially impact its financial condition.

**Standard 13.4 When supervising ceding insurers purchasing reinsurance across borders, the supervisor takes into account the supervision performed in the jurisdiction of the reinsurer.**

*Summary of illustrative examples:* Supervisors consider the reinsurer's jurisdictional supervision, relying on common regulatory regimes where applicable, valued cross-border supervisory cooperation and established recognition arrangements as needed, and routinely take into account the sophistication of market participants.

53. Three members from Offshore and Caribbean conduct supervisory recognition through unilateral, bilateral and multilateral approaches, including engagements via supervisory colleges, reciprocal and qualified jurisdiction statuses and Multilateral Memorandums of Understanding (MMoUs). Prior approval is required for specified transaction types (eg AIR<sup>12</sup>) before the reinsurer can enter into the transaction. As part of this process, the

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<sup>12</sup> Standard 13.4 is concerned with understanding the supervision performed in the reinsurer's jurisdiction when supervising ceding insurers purchasing reinsurance across borders, and the willingness to engage either formally or informally with other supervisors to understand the significance of these cross-border transactions. In the [November 2025 Issues Paper](#) on structural shifts in the life insurance sector, the importance of jurisdictional collaboration when reviewing transactions that utilise cross-border AIR is highlighted. The paper noted the need for continued vigilance and collaboration amongst supervisors to address the evolving risks

supervisor collaborates with cedent regulators as part of the approval process and does not approve transactions that lack the support of the cedent regulators.

54. A member from Latin America requires ceding insurers to register foreign reinsurers in a registry, allowing ceding insurers to use only registered reinsurers. Registration requires documents such as a certification from the reinsurer's home supervisory authority, an international rating from a recognised agency and proof of legal incorporation. If these requirements are not met, registration is denied.
55. Two members from sub-Saharan Africa noted that when an insurer enters into an arrangement with a reinsurer that is neither licensed in its jurisdiction nor licensed in a foreign jurisdiction determined as an equivalent foreign jurisdiction, it must conduct an in-depth due diligence assessment of the reinsurer. The in-depth due diligence assessment includes assessment of the quality of the regulatory and supervisory regime in the foreign jurisdiction in which the reinsurer is domiciled, the compliance of the foreign jurisdiction's regime with international standards and best practices, and the adequacy of the insolvency laws governing proceedings in the foreign jurisdiction.
56. Two members from Asia-Oceania focus on the suitability of reinsurance arrangements and consider the supervisory regime of the reinsurer's home jurisdiction when evaluating the prudence of a reinsurance programme. Ceding insurers are required to manage reinsurer selection based on diversification, creditworthiness of foreign reinsurers and their regulatory environments. In addition, credit ratings and an understanding of the roles and sophistication of key market participants—such as brokers, rating agencies, capital markets, modelling agencies and asset managers—are integral to the monitoring of reinsurance arrangements.
57. In addition, participating members were given the option of answering the question “Which market participants does YOUR AUTHORITY consider when taking into account the relative sophistication of the market participants involved in reinsurance when supervising ceding insurers?”, as per Guidance 13.4.1. Nearly 90% of respondents make use of rating agencies and 70% make use of brokers. A member from Western Europe periodically organises meetings with brokers on general or specific reinsurance-related topics.

**Standard 13.5 The supervisor requires the ceding insurer to consider the impact of its reinsurance programme in its liquidity management.**

*Summary of illustrative examples:* In most jurisdictions, ceding insurers are required to assess how their reinsurance programme impacts liquidity management as part of the risk management system, focusing on analysing liquidity risks and their sources, and mitigation measures. This is typically reviewed through ORSA reports and annual risk assessments that can be discussed during off-site monitoring and on-site inspections.

58. A member from Latin America requires ceding insurers to address liquidity risks in their reinsurance plans, along with a liquidity contingency plan detailing actions for potential

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associated with AIR and ensure that AIR is supervised on its substance. The use of already existing tools and frameworks, such as those related to group-wide supervision like supervisory colleges, crisis management groups, crisis management plans, bi- or multilateral discussions on focused issues and ongoing informal conversations regarding supervisory approaches, ensure a complete view of an insurance group and the associated risks that may exist. These key dialogues can exist and occur at a group or insurance legal entity level, but also at a transaction or treaty level to comprehensively evaluate the risks associated with AIR transactions.

liquidity issues. These measures typically involve insolvency clauses, cash call clauses and lines of credit, which are reviewed during treaty renewals and on-site inspections. A new regulation on asset-liability management requires periodic assessment of reinsurance impacts on liquidity risk using liquidity ratios and stress tests. Potential consequences of external triggers are monitored through the review of ratings and claims reporting. Similarly, a member from Asia-Oceania assesses liquidity sources with the assessment of their reliability and convertibility, liquidity needs across various time horizons and under current and plausible stress scenarios, and monitors external triggers through regulatory reports and market developments.

59. Several Western European and CEET members require ceding insurers to manage liquidity risks, including those arising from reinsurance recoverables and contractual terms, through comprehensive risk management and ORSA evaluations. A new requirement on a liquidity risk management plan strengthens assessment with macroprudential considerations. External triggers, such as natural catastrophes, stock market crashes and regulatory change that may raise liquidity issues, are addressed through contract reviews and evaluations of liquidity risk management plans.

**Standard 13.6 In jurisdictions that permit risk transfer to the capital markets, the supervisor understands and assesses the structure and operation of such risk transfer arrangements, and addresses any issues that may arise.**

*General practices:* A sizeable group of members do not permit risk transfer to capital markets from cedants in their jurisdiction and/or explicitly disallow SPEs from being licensed in their jurisdiction; in these jurisdictions, dedicated basis risk methodologies, accounting processes for non-indemnity triggers and SPE licensing frameworks are generally not in place as a result of this prohibition.

For members permitting risk transfer to capital markets, supervisory practices vary in scope and maturity between members.

- a. Supervisory frameworks in place to understand and assess the impacts of transactions of this nature from the perspective of ceding insurers include the ongoing monitoring of cross-border transactions of this nature, utilising established solvency regimes to assess the economic effect of risk transfer on ceding insurers and considering the potential for basis risk when determining the level of capital to be recognised for ceding insurers from the transactions.
- b. Maturing or partial frameworks in place to permit transactions of this kind from ceding insurers within their jurisdiction: Supervisors may scrutinise SPE transactions through credit for reinsurance and collateral rules, apply supervisory approvals on a case-by-case basis, limit such transactions to only SPEs domiciled in their own jurisdiction or maintain legal provisions for SPE authorisation without active usage to date.
- c. Mature frameworks and usage of risk transfer to capital markets, from both a ceding insurer and assuming reinsurer perspective: These are generally sophisticated reinsurance markets that have extensive expertise and practice from the perspective of supervising both ceding insurers and assuming reinsurers in relevant transactions.

60. Several members in Western Europe and CEET permit insurers to transfer risk to the capital markets, subject to requirements that ceding insurers obtain prior supervisory approval in order to recognise the effects of such transfers to SPEs. Supervisors noted that approval

processes typically involve a review of contractual terms to understand and assess the structure and operation of the risk transfer arrangement. This review may include consideration of trigger mechanisms, the investment strategy for collateral assets, potential sources of basis risk and the adequacy of operational processes to support timely claims settlement. Similar supervisory provisions were described in relation to assuming reinsurers, with members highlighting practices such as requiring SPEs to be licensed and assessing their governance arrangements and oversight and outsourcing controls, as well as undertaking fit-and-proper requirements for those responsible for administering the vehicle. Despite these frameworks being in place, several members did, however, note that practical usage remains limited, largely due to the absence of locally domiciled special purpose entities in many jurisdictions.

61. A Western European member allows ceding insurers in its jurisdiction to transfer risk to the capital markets through SPE-based reinsurance or retrocession arrangements. Proposals for such transactions are treated as changes to the insurer's supervisory business plan and require approval by the member for the insurer to maintain its regulatory license. Insurers must outline the strategic risk and capital rationale, including the types of risks transferred, economic effectiveness, legal structure and collateral quality within their supervisory business plan. Filings proposing changes are typically submitted before implementation, and approval is granted explicitly or implicitly within four weeks unless a detailed supervisory review is initiated.
62. A member from Asia-Oceania has established an authorisation regime for SPEs to act as assuming reinsurer for transactions of this nature, and also requires explicit supervisory approval before an insurer can act as a ceding insurer through such an arrangement. In evaluating the extent of insurance risk transfer from the perspective of the ceding insurer facilitated by the risk transfer to capital markets, the supervisor directs insurers to quantify and explain the degree of basis risk and prohibits recognition of risk mitigation effects that would introduce material unaddressed mismatches. Non-indemnity coverage is identified distinctly in regulatory returns, allowing the supervisor to assess differences on a regulatory rather than purely accounting basis, and to determine whether trigger and settlement mechanics are aligned with underlying exposures.
63. A member from Offshore and Caribbean permits the transfer of insurance risk to the capital markets through contractual arrangements comparable to traditional reinsurance structures, requiring entities to be licensed as reinsurers. SPEs operate under dedicated licences, holding collateral in trust for the cedant's benefit. A publicly available guidance outlines the process, limiting liability to the collateral and deeming these arrangements suitable for sophisticated cedants and investors. Proposed ceding insurers are vetted during licensing, and SPEs submit annual reports with contract-level details, enabling effective supervision and the publication of aggregate market statistics through an alternative capital report.

## Annex 1: Peer Review Process

64. The PRP can be broken into multiple steps. First, a detailed, web-enabled assessment questionnaire<sup>13</sup> is developed by the Expert Team. Prior to being finalised, the initial questionnaire is circulated to the SAWG and relevant IAIS working groups for review and comment, if applicable.
65. Once the Expert Team has reviewed any comments received and finalised the questionnaire, it is sent to all IAIS members<sup>14</sup> through an online survey tool. Members then submit responses to the questionnaire through the survey tool. Responses are initially assessed against quantitative rating criteria. The results are then subject to peer review by the Expert Team. Based on the initial assessment and peer review, individual jurisdiction reports for each participating member are drafted by the Expert Team.
66. Draft individual member reports are then sent to members. They are asked to review their responses and the resulting assessment, and to submit comments for inclusion in the report. Corrections to factual misinterpretations are also accepted. The Expert Team reviews any comments or corrections provided by the members before issuing a final individual report. The final individual member reports are forwarded to the respective authority.
67. It is important to note that members only respond to the questionnaire and do not self-rate (ie conduct their own self-assessments). The Expert Team peer reviews the responses and assigns the ratings to ensure the consistency and independence of the process.
68. On the basis of the final assessment reports, an aggregate report is drafted by the Expert Team. The aggregate report provides key findings and summary results on a regional level. The SAWG, the Implementation Assessment Committee (IAC) and relevant working groups (if applicable) are invited to provide input to the report. After a review with necessary revisions by the Expert Team, the aggregate report is then submitted to the SAWG for approval before being submitted to the IAC and Executive Committee (ExCo) for formal publication approval. The final aggregate report is available to the public on the IAIS website.
69. All of the activities of the Expert Team are subject to ongoing oversight by the SAWG, which is responsible for overseeing the assessment of implementation of the IAIS' supervisory material.

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<sup>13</sup> The PRP Questionnaire on ICP 13 is available [here](#).

<sup>14</sup> A list of IAIS members is available [here](#).

## Annex 2: Participating IAIS members by category

IAIS member	Nature of jurisdiction			IAIS region							
	FSB	OECD	Other	North America	Latin America	Western Europe	Central, Eastern Europe and Transcaucasia	Asia-Oceania	Middle East and North Africa	Offshore and Caribbean	Sub-Saharan Africa
Albania			x				x				
Argentina	x				x						
Armenia			x				x				
Aruba			x							x	
Bahamas			x							x	
Belgium - NBB		x				x					
Bermuda			x							x	
Bosnia & Herzegovina – ISA of FB&H			x				x				
Bosnia & Herzegovina – RS-ISA			x				x				
British Virgin Islands			x							x	
Cambodia			x					x			
Canada – OSFI	x	x		x							
Cayman Islands, BWI			x							x	
Chile		x			x						
China, Hong Kong	x							x			
China, Macao			x					x			
Chinese Taipei			x					x			
Congo (Democratic Republic of the)			x								x
Croatia (Republic of)			x				x				
Czech Republic		x					x				
Egypt			x						x		
El Salvador			x		x						
Estonia		x					x				
France	x	x				x					
French Polynesia			x					x			
Georgia			x				x				
Germany	x	x				x					
Ghana			x								x
Gibraltar			x							x	
Guatemala			x		x						
Guernsey			x							x	
Hungary		x					x				
Indonesia	x							x			
Ireland		x				x					

IAIS member	Nature of jurisdiction			IAIS region							
	FSB	OECD	Other	North America	Latin America	Western Europe	Central, Eastern Europe and Transcaucasia	Asia-Oceania	Middle East and North Africa	Offshore and Caribbean	Sub-Saharan Africa
Isle of Man			x							x	
Italy	x	x				x					
Jamaica			x							x	
Japan	x	x						x			
Kenya			x								x
Korea (Republic of)	x	x						x			
Latvia		x					x				
Liechtenstein			x			x					
Lithuania		x					x				
Luxembourg		x				x					
Malawi			x								x
Malaysia			x					x			
Malaysia (Labuan)			x					x			
Malta			x			x					
Mauritius (Republic of)			x								x
Moldova (Republic of)			x				x				
Morocco			x						x		
Namibia			x								x
Nepal			x					x			
New Zealand – RBNZ		x						x			
Pakistan			x					x			
Paraguay			x		x						
Peru			x		x						
Poland		x					x				
Portugal		x				x					
Qatar – QFCRA			x						x		
Romania			x				x				
Samoa			x					x			
Singapore	x							x			
Slovenia		x					x				
South Africa – PA	x										x
Spain	x	x				x					
Sri Lanka			x					x			
Sultanate of Oman			x						x		
Switzerland	x	x				x					

IAIS member	Nature of jurisdiction			IAIS region							
	FSB	OECD	Other	North America	Latin America	Western Europe	Central, Eastern Europe and Transcaucasia	Asia-Oceania	Middle East and North Africa	Offshore and Caribbean	Sub-Saharan Africa
Trinidad & Tobago			x							x	
Turks & Caicos – BWI			x							x	
Ukraine			x				x				
United Kingdom – PRA	x	x				x					
Uruguay			x		x						
USA, California	x	x		x							
USA, Florida	x	x		x							
USA, Iowa	x	x		x							
USA, Missouri	x	x		x							
USA, Pennsylvania	x	x		x							
USA, Texas	x	x		x							
<b>Participating IAIS members by category</b>	<b>20</b>	<b>28</b>	<b>47</b>	<b>7</b>	<b>7</b>	<b>12</b>	<b>16</b>	<b>16</b>	<b>4</b>	<b>11</b>	<b>7</b>

### Annex 3: Aggregated results of observance level by IAIS region

ICP 13	North America	Latin America	Western Europe	Central, Eastern Europe and Transcaucasia	Asia-Oceania	Middle East and North Africa	Offshore and Caribbean	Sub-Saharan Africa	All regions
Observed	5	0	9	6	2	0	5	0	27
	71%	0%	75%	38%	13%	0%	46%	0%	34%
Largely Observed	2	4	3	9	11	4	4	4	41
	29%	57%	25%	56%	68%	100%	36%	57%	51%
Partly Observed	0	3	0	1	2	0	2	3	11
	0%	43%	0%	6%	13%	0%	18%	43%	14%
Not Observed	0	0	0	0	1	0	0	0	1
	0%	0%	0%	0%	6%	0%	0%	0%	1%
Not Applicable	0	0	0	0	0	0	0	0	0
	-	-	-	-	-	-	-	-	-
Total	7	7	12	16	16	4	11	7	80

## **Annex 4: Aggregated results of observance level by member (Restricted to IAIS members Only)**

<https://extranet.iaisweb.org/page/committees/implementation-assessment/reference-documents>

*Please note that you must be logged in to the IAIS members extranet to access this file.*