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Introduction

Peer Reviews are part of the assessment strategy of the IAIS, designed to support members with the implementation of the IAIS supervisory material, in particular the Insurance Core Principles (ICPs). Assessments are undertaken to identify the nature and extent of any weakness or gaps in supervisory and regulatory frameworks, and to provide information on the level of current supervisory capacity and extent of future supervisory development.

YOUR AUTHORITY is being invited to participate in the self-assessment and peer review on supervisory and enforcement measures for a thematic review on Reinsurance and Other Forms of Risk Transfer, which addresses ICP 13 and other relevant ICP standards (the additional ICPs referenced are in context of implementing the ICP 13 and have no substantial impact on the observance level of assessing the ICP 13 in YOUR JURISDICTION).

After responding to all questions, you will have the opportunity to provide additional information in the comment boxes to supplement your supervisory practices or to explain cases where the actual situation differs from any of the responses available. Such information will be considered in assessing your survey responses.

Furthermore, in the second part of the Survey you will have the opportunity to illustrate supervisory approaches in YOUR JURISDICTION. Additionally, optional questions are included in a separate section and the responses will not be used to assess the observance level. YOUR AUTHORITY is encouraged to complete these questions to provide insights into implemented practices. Please note that open-ended and optional questions will not be scored.

Instruction: For each question, choose the response that most closely corresponds to the situation in YOUR JURISDICTION and YOUR AUTHORITY. Where questions ask about the actual experience in YOUR JURISDICTION in alignment with the ICP assessment methodology, the assessment should be based solely on the legislation and supervisory practices that are in place at the time (the PRP usually refers to practices during the past three years). Please consider whether your supervisory practices adequately meet the outcomes provided for in legislation and whether YOUR AUTHORITY enforces compliance. Having legislation without the necessary corresponding supervisory practices is not sufficient to demonstrate full observance.

In this PRP Questionnaire, as in the ICPs, the term “legislation” is used to include primary legislation (which generally requires full legislative consent), secondary legislation and legally enforceable rules set by the supervisor. The term “supervisory guidelines” means documents issued by the supervisor to communicate expectations to the industry, which do not have the legal force of law. The standards and guidance under ICP 13 are applicable to insurers and reinsurers.¹

Important: A Word document containing the questionnaire is attached to the survey. Please ensure that your responses have been approved as final before beginning the process of entering your responses online. As you move through the online questionnaire, you may use the “save as draft” option by clicking on the button at the top-right of each page. If you select the button, you will be directed to the “Save your unfinished survey” page. After entering login credential, you may return to the survey to continue answering questions. All responses can be edited before your final submission. Additionally, if you do not wish to comment on a question, please enter “N/A” in the comment box.

Please note that before your individual jurisdiction’s report is finalised, YOUR JURISDICTION will be provided with an opportunity to opt out of disclosing your assessment results as uploads to the IAIS Members Extranet.

If you have any question(s) or need further information in relation to completing the questionnaire, please submit your question(s) to the IAIS Secretariat (sharon.lin@iais.org).

Please enter your Email Address:

Please Enter YOUR JURISDICTION’s Name:

(*Required for online survey to pre-populate the information displayed on the screens as part of the questionnaire.)

Please Enter YOUR AUTHORITY’s Name:

(*Required for online survey to pre-populate the information displayed on the screens as part of the questionnaire.)

¹ Guided by ICP 13.0.7, the standards and guidance under this ICP are applicable to insurers and reinsurers, thus throughout this ICP:

- references to ceded reinsurance should be taken to include ceded retrocession (ie the reinsurance ceded by reinsurers);
- references to ceding insurers should be taken to include ceding reinsurers (ie retrocedents); and
- references to reinsurers should be taken to include retrocessionaires (ie reinsurers that assume reinsurance from ceding reinsurers).

Part I - ICP 13 Reinsurance and Other Forms of Risk Transfer

13 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.

- Are insurers permitted to cede risks to reinsurers or engage in other forms of risk transfer in YOUR JURISDICTION?
 1. Yes.
 2. No. *SURVEY TOOL SKIP the rest and to the LAST PAGE: Thank you for participating in Peer Review Process on ICP 13.*

If no, please describe the situation in YOUR JURISIDITION in the box below.

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.

1. How does YOUR AUTHORITY require ceding insurers to have a reinsurance programme that is appropriate to their business and part of their overall risk and capital management strategies?
 1. Fully and explicitly required under legislation or generally required under legislation and elaborated through published supervisory guidelines.
 2. Required or recommended by accepted supervisory guidelines or other guidance which does not have force of law.
 3. Expectation is expressed by YOUR AUTHORITY on a case-by-case basis.
 4. There is no such requirement or expectation.

If you would like to elaborate on this question, please provide your comments in the box below.

2. To what extent does YOUR AUTHORITY require the ceding insurer's reinsurance programme and risk and capital management strategies to include the following elements:

	1. Fully and explicitly addressed	2. Addressed in general terms	3. Partly addressed	4. Not addressed
<p>a. The role of reinsurance in the ceding insurer's overall risk and capital management strategies, for example:</p> <ul style="list-style-type: none"> • the objectives of using reinsurance, • the risk concentration levels and ceding limits defined by the insurer's risk appetite, • and mechanisms to manage and control reinsurance risks. 				
<p>b. The part reinsurance plays in the level of capital and the business mix of the ceding insurer, for example, with particular reference to:</p> <ul style="list-style-type: none"> • Risk appetite (both gross limit and net retention), • Peak exposures and seasonality in the insurance book, • Levels of diversification in the insurance book, and • Appetite for credit risk posed by reinsurers. 				
<p>c. The ceding insurer's reinsurance programme comprises the detailed implementation of the reinsurance related elements of the risk and capital management strategies such as:</p> <ul style="list-style-type: none"> • coverage, • limits, • deductibles, • layers, • signed lines, • markets used, 				

<ul style="list-style-type: none"> • ceding insurer’s overall risk appetite, • ceding insurer’s comparative costs of capital, • ceding insurer’s liquidity positions determined in the reinsurance strategy. 				
<p>d. The Board approves the risk management strategy (including reinsurance) and ensures appropriate oversight and consistent implementation of the reinsurance programme.</p>				
<p>e. Senior Management establishes appropriate systems and controls, and monitors and adjusts the reinsurance programme to ensure that it functions as intended and continues to meet the ceding insurer’s strategic objectives.</p>				

If you would like to elaborate on this question, please provide your comments in the box below.

3. How does YOUR AUTHORITY review ceding insurers’ reinsurance programmes to ensure that they are appropriate to their business and part of ceding insurers’ overall risk and capital management strategies? For example, the supervisor should assess the extent to which business objectives and strategies are adequately reflected in the reinsurance programme (eg. routine supervisory engagement or through review of ORSA); and based on the outcome of the assessment, challenge the ceding insurer where it identifies inconsistencies between the business objectives and strategies, and the reinsurance programme.
1. Supervisory reviews of ceding insurers’ reinsurance programmes are regularly undertaken to ensure that the programmes are appropriate to the ceding insurers’ business and part of their overall risk and capital management strategies. When inconsistencies exist, the ceding insurer is challenged.
 2. Supervisory reviews of ceding insurers’ reinsurance programmes are undertaken only in cases of actual or potential supervisory concerns.
 3. Supervisory reviews of ceding insurers’ reinsurance programmes are never undertaken.

4. The supervisor’s assessment of a ceding insurer’s reinsurance programme is based on a number of factors. Which of the following factors does YOUR AUTHORITY consider when assessing a ceding insurer’s reinsurance programme:

	Always considered	Sometimes considered	Not considered
a. Structure of the programme, including any alternative risk transfer mechanisms; ²			
b. The proportion of business ceded so that the net risks retained are commensurate with the ceding insurer’s financial resources and risk appetite;			
c. Financial condition and claims payment record of the reinsurers in question (both in normal and stressed conditions);			
d. Levels of exposure to a single reinsurer or different reinsurers being part of the same group;			
e. The extent of any credit risk mitigation in place;			
f. Expected resilience of the reinsurance programme in stressed claims situations, including stress related to the occurrence of multiple and/or catastrophic events;			
g. Cession limits, if any, applicable in the jurisdiction;			
h. The supervisory regime in place in the jurisdiction of the reinsurer;			
i. The level of effective risk transfer;			
j. The extent to which relevant functions are outsourced by the ceding insurer, including the criteria for the selection of reinsurance brokers.			
k. Other factors (please explain in the box below)			

² The [IAIS Glossary](#) provides definitions of terms used by the IAIS and is aimed to facilitate the reading of IAIS supervisory material. **Alternative risk transfer** is defined as a form of risk transfer of insurance liabilities through the capital markets.

If you would like to elaborate on this question, please provide your comments in the box below.

5. Does YOUR JURISDICTION as a group wide supervisor require a reinsurance strategy for insurance groups? ³
1. Yes, insurance groups are required to have a reinsurance strategy.
 2. Some, but not all insurance groups, are required to have a reinsurance strategy.
 3. No, but there is a communicated expectation of the supervisor that insurance groups have a reinsurance strategy.
 4. No, there is no such requirement or expectation. SURVEY TOOL if selected, SKIP NEXT Question (Q.6)
 5. Not applicable because YOUR JURISDICTION does not act as a group wide supervisor. SURVEY TOOL if selected, SKIP NEXT Question (Q.6)
6. To what extent does YOUR AUTHORITY require a reinsurance strategy for the insurance group to include the following elements?

	1. Fully and explicitly required under legislation or generally required under legislation and elaborated through published supervisory guidelines	2. Required or recommended by accepted supervisory guidelines or other guidance which does not have force of law	3. Expectation is expressed by YOUR AUTHORITY on a case-by-case basis	4. Not addressed
a. Its interaction with the group-wide risk and capital management strategies;				

³ [IAIS Glossary](#) specifies that a “Group-wide supervisor” is defined as: The supervisor(s) responsible for effective and coordinated supervision of an insurance group including coordinating with other relevant supervisors in undertaking the supervision of an insurance group on a group-wide basis, as a supplement to insurance legal entity supervision. An “insurance group” is defined as: Two or more legal entities, at least one of which is an insurance legal entity, where one has control over one or more insurance legal entities and possibly other non-regulated legal entities, and whose primary business is insurance. “Insurance group” includes insurance-led financial conglomerates.

<p>b. How the risk appetite is achieved, on both a gross limit and net retention basis;</p>				
<p>c. The appetite for reinsurer credit risk, including approved security criteria for reinsurance transactions and aggregate exposure criteria to individual or related reinsurers;</p>				
<p>d. The autonomy afforded to individual insurance legal entities to enter into “entity specific” reinsurance arrangements, and the management and the aggregation of these exposures in the group-wide context;</p>				
<p>e. Procedures for managing reinsurance recoverables, including required reporting from insurers;</p>				
<p>f. Intra-group reinsurance strategy and practice;</p>				
<p>g. Use of alternative risk transfer, including capital markets risk transfer products.</p>				

If you would like to further elaborate on any (sub)questions regarding ICP 13.1, please provide your comments in the box below.

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

7. How does YOUR AUTHORITY require ceding insurers to establish effective internal controls over the implementation of their reinsurance programme?
1. Fully and explicitly required under legislation or generally required under legislation and elaborated through published supervisory guidelines.
 2. Required or recommended by accepted supervisory guidelines or other guidance which does not have force of law.
 3. Expectation is expressed by YOUR AUTHORITY on a case-by-case basis.
 4. There is no such requirement or expectation.

If you would like to elaborate on this question, please provide your comments in the box below.

8. Does YOUR AUTHORITY require that control of the reinsurance programme be part of the ceding insurer's overall system of risk management and internal controls (see ICP 8 Risk management and internal controls), and that the controls and oversight in place are suitable in the context of the ceding insurer's business?
1. Ceding insurers are required to maintain control of the reinsurance programme as part of their overall system of risk management and internal controls, ensuring it is suitable for their business.
 2. Ceding insurers are generally required to maintain control over the reinsurance programme as part of their overall system of risk management and internal controls, but this does not extend to ensuring its suitability for their business.
 3. Ceding insurers are not required to maintain control of the reinsurance programme.
9. Does YOUR AUTHORITY require that the characteristics of a ceding insurer's reinsurance programme, including the credit risk posed by the reinsurers, be reflected in the ceding insurer's capital adequacy assessment and its Own Risk and Solvency Assessment (ORSA) (see ICP 16 Enterprise risk management for solvency purposes)?

1. Yes, ceding insurers are required to ensure that characteristics of the reinsurance programme, are reflected in the ceding insurers capital adequacy assessment and its ORSA.
2. Sometimes, but not all ceding insurers are required to ensure that characteristics of a ceding insurer's reinsurance programme be reflected in the ceding insurers capital adequacy assessment and its ORSA.
3. No, but there is a communicated expectation of the supervisor for characteristics of a ceding insurer's reinsurance programme be reflected in the ceding insurer's capital adequacy assessment and its ORSA.
4. No, there is no such requirement or expectation.

10. Which of the following factors does YOUR AUTHORITY consider when reviewing a ceding insurer's internal controls over the implementation of their reinsurance programme?

	Always considered	Sometimes considered	Not considered
a. Appetite for reinsurer credit risk.			
b. Procedures for identifying reinsurers that meet security requirements.			
c. Aggregate exposure limits or guidelines reflecting security and size of the reinsurer, in relations to its maximum to any one reinsurer or to a group of related reinsurers.			
d. Procedures for monitoring aggregate exposure and process for addressing any breaches of limits.			
e. Risk posed by a mismatch in terms and conditions between reinsurance contracts and the underlying underwriting policies.			
f. Appropriate criteria in place for the purchase of facultative coverage.			
g. Specific process in place to approve, monitor and confirm the placement of each facultative risk.			

11. When reviewing a ceding insurer's internal controls over operational risk in implementation of their reinsurance programme, which of the following factors does YOUR AUTHORITY consider:

	Always considered	Sometimes considered	Not considered
a. The processes and controls required to document the principle economic and coverage terms and conditions of reinsurance contracts promptly.			
b. Finalisation of the formal reinsurance contract without undue delay, ideally prior to the inception date of the reinsurance contract.			
c. All material reporting due to and from reinsurers is timely and complete and settlements are made as required by the reinsurance contract.			

d. The operation of the reinsurance contracts in the event of an insolvency of the ceding insurer or the reinsurer.			
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12. Does the supervisor have access, on request, to material reinsurance documentation and, in the case of uncertainties, does it take into account the resulting underwriting, operational and legal risks when considering the effects of reinsurance on the ceding insurers solvency?

1. Yes.
2. No.

[SURVEY TOOL SEPARATED SECTION]			
<p><i>This part is Optional. The responses are not used to assess the observance level in the assessment. YOUR AUTHORITY is encouraged to complete the questions in order to capture implemented practices concerning ICP 13.2.4. (set out as guidance, this part does not prescribe any requirements, therefore is not assessed for observance.)</i></p>			
<p>○ Which of the following options do ceding insurers in YOUR JURISDICTION utilise to mitigate reinsurer credit risk:</p>			
	Yes	Sometimes	No
a. establishing criteria on the financial condition and claims payment record of eligible reinsurers;			
b. setting limits on risks ceded to a single reinsurer;			
c. ensuring a spread of risk amongst a number of reinsurers;			
d. incorporating rating downgrade or other special termination clauses into the reinsurance contract;			
e. requiring the reinsurer to post collateral (the ability to require this may depend upon the relative commercial strengths of the ceding insurer and reinsurer);			
f. proactively monitoring reinsurance claims recoveries; and			
g. withholding reinsurer's funds.			

13. When requiring ceding insurers to establish effective internal controls over the implementation of their reinsurance programme, does YOUR AUTHORITY require the ceding insurer's actuarial function⁴ to evaluate and provide advice regarding the development, pricing and assessment of the adequacy of reinsurance arrangements (with reference to ICP 8.6.4)?

⁴ Control Function includes actuarial function as defined in the [IAIS Glossary](#).

1. Yes, the actuarial function of ceding insurers is required to evaluate and provide advice regarding the development, pricing and assessment of the adequacy of reinsurance arrangements.
2. The actuarial function of ceding insurers is sometimes but not always required to evaluate and provide advice regarding the development, pricing and assessment of the adequacy of reinsurance arrangements.
3. No, but there is a communicated expectation of the supervisor that the actuarial function of ceding insurers should evaluate and provide advice regarding the development, pricing and assessment of the adequacy of reinsurance arrangements.
4. No, there is no such requirement or expectation.

If you would like to further elaborate on any (sub)questions regarding ICP 13.2, please provide your comments in the box below.

13.3 The supervisor requires ceding insurers to demonstrate the economic impact of the risk transfer originating from their reinsurance contracts⁵.

14. How Does YOUR AUTHORITY require ceding insurers to demonstrate the economic impact of the risk transfer originating from their reinsurance contracts?
1. Fully and explicitly required under legislation or generally required under legislation and elaborated through published supervisory guidelines.
 2. Required or recommended by accepted supervisory guidelines or other guidance which does not have the force of law.
 3. Expectation is expressed by YOUR AUTHORITY on a case-by-case basis.
 4. There is no requirement or expectation.

If you would like to elaborate on your response, please comment in the box below.

15. How does YOUR AUTHORITY review ceding insurers' economic impact of the risk transfer originating from their reinsurance contracts?

⁵ Questions in this section consider a spectrum of reinsurance arrangements, which includes Finite Reinsurance (as referenced in ICP 13.3.5)

1. Supervisory reviews of ceding insurers' economic impact are regularly undertaken. When requested, ceding insurers provide sufficient information about their reinsurance contracts to allow the supervisor to make informed judgments about the substance of the risk transfer.
 2. Supervisory reviews of ceding insurers' economic impact are undertaken only in cases of actual or potential supervisory concerns.
 3. Supervisory reviews of ceding insurers' economic impact are never undertaken.
16. Where there are concerns of inappropriate reporting with respect to the degree of risk transfer, does YOUR AUTHORITY assess the substance of the reinsurance contract entered into by the ceding insurer and how it has been reported by the ceding insurer (with reference to ICP 13.3.4)?
1. Yes
 2. No
 3. Not applicable because no such concerns arose.

17. Which of the following factors does YOUR AUTHORITY expect ceding insurers to include when demonstrating the economic impact of the risk transfer originating from their reinsurance contracts?

	Always included	Sometimes included	Not included
a. Reinsurance contracts are clear and allow the supervisor to make informed judgments about the substance of the risk transfer.			
b. Reinsurance contracts meet the accounting standards established for reinsurance.			
c. Reinsurance contracts are included in the regulatory capital requirements of the ceding insurer only to the extent of risk transferred.			

If you would like to further elaborate on any (sub)questions regarding ICP 13.3, please provide your comments in the box below.

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

18. When supervising ceding insurers utilising reinsurance across borders, does YOUR AUTHORITY consider the supervision performed in the jurisdiction of the reinsurer?

1. Yes, when supervising ceding insurers, the supervisor always considers the supervision performed in the home jurisdiction of the reinsurer.
2. The supervisor sometimes, but not always, considers the home jurisdiction supervision of reinsurers.
3. The supervisor considers the home jurisdiction supervision of reinsurers only in cases of actual or potential supervisory concerns.
4. The supervisor does not consider the home jurisdiction supervision of reinsurers.
5. Not applicable because ceding insurers in your jurisdiction do not purchase reinsurance across borders.

If you would like to elaborate on your response, please comment in the box below.

19. When choosing to rely on the supervision performed in the jurisdiction of the reinsurer, what consideration has YOUR AUTHORITY given to establishing a formal supervisory recognition arrangement (either unilateral, bilateral or multilateral)?

1. Formal supervisory recognition arrangements, have been established as needed, and are always considered in the supervisory assessment and regulatory treatment of cross-border reinsurance agreements.
2. Formal supervisory recognition arrangements have been considered but are rarely established.
3. Although the authority recognises aspects of the work of other supervisors, formal supervisory recognition arrangements have not been considered.
4. Not applicable because ceding insurers in your jurisdiction do not purchase reinsurance across borders, or the supervisor chooses not to rely on or recognise the work of other supervisory authorities.

If you would like to elaborate on your response, please comment in the box below.

20. When supervising ceding insurers purchasing reinsurance across borders, does YOUR AUTHORITY consider the relative sophistication of the market participants involved in reinsurance?

1. Yes
2. No *SURVEY TOOL if selected, SKIP NEXT Question (Q. optional)*
3. Not applicable *SURVEY TOOL if selected, SKIP NEXT Question (Q. optional)*

If you would like to elaborate on your response, please comment in the box below.

[SURVEY TOOL SEPARATED SECTION]

This part is Optional. The responses are not used to assess the observance level in the assessment. YOUR AUTHORITY is encouraged to complete the questions in order to capture implemented practices concerning ICP 13.4.1. (set out as guidance, this part does not prescribe any requirements, therefore is not assessed for observance.)

- If yes, 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?

	Yes	No
a. brokers		
b. rating agencies		
c. capital markets		
d. modelling agencies		
e. asset manager		
f. other (please explain in the box below)		

If you would like to elaborate on your response, please comment in the box below.

21. When supervising ceding insurers purchasing reinsurance across borders, which of the following approaches does YOUR AUTHORITY utilise when taking into account the supervision performed in the jurisdiction of the reinsurer?

	Yes	No
a. reviewing the supervisory framework and practices in the jurisdiction of the reinsurer (unilateral)		
b. engaging in supervisor-to-supervisor dialogue		
c. engaging in bilateral and multilateral agreements		
d. other (please explain in the box below)		

If you would like to elaborate on your response, please comment in the box below.

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

22. How does YOUR AUTHORITY require ceding insurers to consider the impact of their reinsurance programmes on liquidity management?

1. Fully and explicitly required under legislation or generally required under legislation and elaborated through published supervisory guidelines.
2. Required or recommended by accepted supervisory guidelines or other guidance which does not have the force of law.
3. Expectation is expressed by YOUR AUTHORITY on a case-by-case basis.
4. There is no requirement or expectation.

If you would like to elaborate on your response, please comment in the box below.

23. In YOUR JURISDICTION which of the following factors does the Supervisor consider when reviewing whether a ceding insurer’s reinsurance programme is likely to impact its liquidity management:

	Always considered	Sometimes considered	Not considered
a. Whether ceding insurers have fully considered the extent of liquidity risk inherent in its reinsurance programmes. (eg. through liquidity stress testing or cash flow analysis)			
b. The extent and nature of mitigating measures used by the ceding insurer to manage reinsurance related liquidity risk (eg. funding requirements in adverse circumstances, reinsurer payment trigger clauses).			
c. External triggers that can give rise to the ceding insurer’s liquidity risk (eg. a downgrade clause or the use of collateral).			

24. With respect to reinsurance, does YOUR AUTHORITY require ceding insurers to take appropriate measures to manage their liquidity risk, and then assess the ceding insurer's measures?
1. Ceding insurers are required to take appropriate measures to manage their liquidity risk, and then the authority assesses the ceding insurer's measures.
 2. Ceding insurers are required to take appropriate measures to manage their liquidity risk. The supervisor sometimes, but not always, assesses the ceding insurer's measures.
 3. Ceding insurers are required to take appropriate measures to manage their liquidity risk. The supervisor assesses the ceding insurer's measures only in case of supervisory concerns.
 4. There is no requirement or expectation.
25. How does YOUR AUTHORITY assess the impact of the ceding insurer's reinsurance programme on its liquidity management?
1. Assessment of the reinsurance programme is performed holistically and on an ad-hoc basis when material transactions occur as part of the evaluation of the insurer's liquidity management.
 2. Assessment of the reinsurance programme is performed holistically OR only performed on an ad-hoc basis as part of the evaluation of the insurer's liquidity management.
 3. Assessment of the reinsurance programme is performed in cases of actual or potential supervisory concerns.
 4. There is no explicit assessment of the impact of the ceding insurer's reinsurance programme in its liquidity management.

If you would like to further elaborate on any (sub)questions regarding ICP 13.5, please provide your comments in the box below.

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.

26. Does YOUR JURISDICTION permit risk transfer as described in ICP 13.6.2 – 13.6.4?

1. Yes
2. No *SURVEY TOOL if selected, SKIP the following questions in relations to ICP 13.6 (Q.28-Q36)*

If you would like to elaborate on your response, please comment in the box below.

27. Although in many jurisdictions insurance risk transfer to the capital markets is not permitted, the supervisor should consider that some of the insurers in its jurisdiction may be transferring insurance risk to Special Purpose Entities⁶ (SPEs) located in another jurisdiction that permits insurance risk transfer to the capital markets. In this case, does YOUR AUTHORITY consider the following factors when supervising ceding insurers:

	Yes	No
a. whether the risk transfer taking place involves an SPE that is licensed in the jurisdiction where the insurance risk is assumed;		
b. the supervisory regime to which the SPE is subject in its jurisdiction;		
c. the extent to which the ceding insurer has adequately provided for the identification, assessment and management of the risks associated with transferring insurance risk to an SPE (eg credit risk, basis risk).		
d. other (please explain in the box below)		

If you would like to elaborate on your response, please comment in the box below.

28. Does YOUR AUTHORITY consider basis risk with reference either to the amount of credit given by the supervisor of the ceding insurer for the SPE arrangement or in the capital requirement of the ceding insurer, where such mechanisms are used?

1. Basis risk is considered with reference to the amount of credit given by the supervisor of the ceding insurer for the SPE arrangement AND in the capital requirement of the ceding insurer.
2. Basis risk is only considered with reference to the amount of credit given by the supervisor of the ceding insurer for the SPE arrangement OR in the capital requirement of the ceding insurer.
3. Basis risk is considered in cases of actual or potential supervisory concerns.
4. Basis risk is not considered.
5. Not applicable because SPE arrangements are not being used by ceding insurers in our jurisdiction.

⁶ A special purpose entity is “a dedicated entity or a legally ring-fenced arrangement, specifically constituted to carry out the transfer of risk. These are referred to by a variety of names, such as special purpose vehicles, special purpose reinsurance vehicles, or special purpose insurers; for the purpose of the ICPs, they are collectively referred to as special purpose entities (SPEs). (See 13.6.6)

29. Does YOUR AUTHORITY have a process to understand the accounting differences of insurance risk transfer that uses non-indemnity triggers and the impact these may have on the financial statements of the ceding insurer and the reinsurer?

1. Yes
2. No

If you would like to elaborate on your response to the process in place, please comment in the box below.

30. Does YOUR AUTHORITY’s regulatory framework require licensing (ICP 4) of SPEs (see ICP 13.6.6 – 13.6.8)?

1. Yes, our framework requires SPEs to be licensed.
2. No, our framework does not require SPEs to be licensed.
3. Not applicable because SPEs are explicitly not permitted. *SURVEY TOOL if selected, SKIP the following questions in relations to the SPEs (Q31-36)*

If you would like to elaborate on your response, please comment in the box below.

31. When assessing the SPEs as part of a licensing process, does YOUR JURISDICTION’s licensing framework take into account the criteria below?

	Always considered	Sometimes considered	Not considered
a. ownership structure of the SPE;			
b. suitability of the Board and Senior Management of the SPE;			
c. the SPE's management of credit, market, underwriting and operational risks;			
d. investment and liquidity strategy of the SPE;			
e. ranking and priority of payments;			
f. extent to which the cash flows in the SPE structure have been stress tested;			
g. arrangements for holding the SPE’s assets (eg trust accounts) and the legal ownership of the assets;			
h. extent to which the SPE’s assets are diversified;			

i. use of derivatives, especially for purposes other than risk reduction and efficient portfolio management.			
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32. Does the supervisory framework in YOUR JURISDICTION take into account the criteria below when supervising SPEs?

	Always considered	Sometimes considered	Not considered
a. extent to which key parties have been fully disclosed (eg sponsor, (re)insured, investors, advisors, counterparties) and are known to the supervisor;			
b. extent to which potential conflicts of interest between all parties to the SPE have been adequately disclosed and addressed (such as situations where sponsors also take a managing role);			
c. credit risk associated with key service providers, including financial guarantors used to protect the position of investors;			
d. degree of basis risk that is assumed by the ceding insurer and to what extent this could have immediate ramifications for the ceding insurer's financial position in case of a loss;			
e. details of the SPE's management arrangements and key personnel;			
f. third party assessments of the SPE structure (eg by credit rating agencies);			
g. expertise of the legal advisors involved;			
h. robustness of any financial or actuarial projections, if applicable (eg if triggers are indemnity based);			
i. disclosure of outsourcing agreements.			

33. Does the supervisory framework in YOUR AUTHORITY require the SPE's systems of risk management and internal controls to have the following in place:

	Always required	Sometimes required	Not required
a. investment restrictions are not breached;			
b. interest payments, dividends, expenses and taxes are properly accounted for;			
c. movements above established thresholds in assets and collateral accounts are reported;			
d. assets legally exist and are technically identifiable;			
e. liabilities can be determined on a timely and accurate basis and obligations satisfied in accordance with the underlying contracts.			

34. The supervisor should understand the various issues that emerge in the ongoing supervision of SPEs and their use. In ongoing supervision of SPEs, does the supervisory framework in YOUR AUTHORITY consider the following?

	Always considered	Sometimes considered	Not considered
a. measures to be taken by the supervisor if any of the licensing or authorisation conditions are breached;			
b. level of capital and ability of the SPE to continue to respond adequately should covered events occur;			
c. level of reporting required by the supervisor in order to understand and assess whether the SPE is complying with its obligations;			
d. the SPE's response in the event of fluctuations in the values of invested assets (eg match/mismatch between collateral account and exposure, flow of premiums, fees, commissions);			
e. arrangements put in place in the SPE to ensure that the "fully funded" condition is maintained in the case that the insurance risks assumed are rolled over from one risk period to another;			
f. where the SPE undertakes multiple transactions, arrangements put in place in the SPE to ensure that the funds correspond to each transaction are appropriately segregated and legally insulated.			

35. Does YOUR AUTHORITY perform an assessment of the provisions and processes in place within the SPEs to support the unwinding, orderly or disorderly, of the SPEs (see ICP 13.6.19 – 13.6.20)?

1. Yes
2. No *SURVEY TOOL if selected, SKIP the following question (Q.36)*

36. If yes, do these provisions and processes take into account the following?

	Always considered	Sometimes considered	Not considered
a. the process related to the generation, mitigation and management of any residual risk emerging from the unwinding of the SPE.			
b. issues relating to share buy-back and conditions to its materialisation;			
c. issues relating to disposal of the investment portfolio;			
d. "dismantling" of the SPE and residual risks;			
e. where the SPE undertakes multiple transactions, issues relating to the segregation and legal insulation of assets per transaction;			
f. supervisory issues relating to risks which revert to the ceding insurer on termination of the arrangement.			

If you would like to further elaborate on any (sub)questions regarding ICP 13.6, please provide your comments in the box below.

Part II - Illustrative examples and optional questions

The following questions are asked in order to identify “illustrative examples” among the IAIS members. The responses are not used to assess the observance level in the assessment. YOUR AUTHORITY is encouraged to complete the questions in order to capture implemented practices concerning ICP 13.

ICP 13.0

The following questions are to contextualise the overall responses provided in this questionnaire.

37. Please provide a brief description and any pre-existing data which you deem relevant in order to illustrate the type and extent of reinsurance usage by ceding insurers within YOUR JURISDICTION.

38. Please provide a brief description and any pre-existing data which you deem relevant in order to illustrate the type and extent of coverage assumed by reinsurers in YOUR JURISDICTION.

39. Please briefly describe how SPEs are supervised within YOUR JURISDICTION.

The primary purpose of the optional questions within this section is to understand relevant practices and activities undertaken by YOUR AUTHORITY in support of the ICP 13 standards.

ICP 13.1

40. How does YOUR AUTHORITY ensure that insurers in YOUR JURISDICTION take into account their business objectives, risk appetite, levels of financial resources and business mix when articulating the part played by reinsurance in the overall risk and capital management strategies?

41. How does YOUR AUTHORITY determine whether a ceding insurer’s risk and capital management strategies clearly articulate the part played by reinsurance, in particular the objectives that are pursued by using reinsurance; the risk concentration levels and ceding limits as defined by the ceding

insurer's risk appetite; and the mechanisms to manage and control reinsurance risks? (eg. incorporation into supervisory processes relating to the ORSA Review, incorporation into supervisory processes relating to a ceding insurer's business strategy, etc.)

42. How does YOUR AUTHORITY determine whether ceding insurers consider emerging risks (eg. Cyber risk, the financial risks from climate change, geopolitical risk, etc.) in their reinsurance programme, and which emerging risk is most likely to be significant?

43. How does YOUR AUTHORITY determine whether ceding insurers are monitoring their reinsurance performance (with reference to ICP 13.1.6) and reviewing the arrangement as necessary?

44. In order to assist supervisory understanding of the reinsurance programme of ceding insurers, what disclosure requirements does YOUR AUTHORITY have regarding reinsurance and other forms of risk transfer? [in context of ICP 20.6]

ICP 13.2

45. How does YOUR AUTHORITY determine whether a ceding insurer has an appropriate appetite and framework for reinsurer credit risk?

46. What specific guidance or requirements has YOUR AUTHORITY published regarding credit risk for ceding insurers, even if only for certain types of reinsurance or counterparty risk?

47. How does YOUR AUTHORITY ensure that ceding insurers in YOUR JURISDICTION have procedures in place to define, monitor and amend their security requirements for reinsurers?

48. How does YOUR AUTHORITY consider any potential contractual clauses relating to reinsurance termination events in its supervision of either ceding insurers or reinsurers?

49. How does YOUR AUTHORITY consider any potential supervisory issues relating to risks which revert to the ceding insurer on termination of the arrangement, either from the perspective of ceding insurer or reinsurer?

ICP 13.3

50. In assessing whether ceding insurers have demonstrated the economic impact of the risk transfer originating from reinsurance contracts, what types of evidence is requested from ceding insurers? (eg. reinsurance contract review / external audit / assurance opinion / internal actuarial opinions) [in context of ICP14.2]

51. If YOUR AUTHORITY requires reinsurance contracts to demonstrably meet accounting standards, please provide a summary of whether the accounting standards accepted by YOUR AUTHORITY detail both technical provisions and reinsurance assets on a gross and net basis for ceding insurers. [in context of ICP 20.5]

ICP 13.4

52. What kind of supervisor-to-supervisor dialogue does YOUR AUTHORITY perform regarding specific cross border reinsurance arrangements, whether from the perspective of the ceding insurer or reinsurer? [in context of ICP 3]

53. If YOUR AUTHORITY has been recognised by, or has recognised other supervisory authorities through a formal supervisory recognition arrangement, please provide details. Include information regarding unilateral, bilateral and multilateral approaches to recognition.

ICP 13.5

54. How does YOUR AUTHORITY ensure that ceding insurers take appropriate measures to manage liquidity impacts arising from their reinsurance programme?

55. What provisions does YOUR AUTHORITY have in place to ensure that reinsurance contracts do not remove the ceding insurer's underlying legal liability to its policyholders?

56. How does YOUR AUTHORITY monitor external triggers within a reinsurance contract that can cause liquidity issues including potential financial stability impacts (see ICP 13.5.5)?

ICP 13.6

57. Please provide a brief description and any pre-existing data which you deem relevant in order to illustrate the type and extent of risk transfer to the capital markets by ceding insurers in YOUR JURISDICTION.

58. How does YOUR AUTHORITY reflect basis risk in the capital requirement and/or available capital of ceding insurers in respect of their SPE arrangements (eg ILS / Cat Bonds)?