



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

## Introduction to the ICPs

### Global Seminar and Stakeholder Dialogue Macau

**Urs Halbeisen**  
**Vice Chair Technical Committee**



# Insurance Core Principles

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- Insurance Core Principles (ICPs) adopted at the General Meeting in Seoul on 1 October 2011

## Since then:

- 2012: Substantial revision of ICP 9 (Supervisory Review and Reporting)
- 2013: ICP 22 (Anti-Money Laundering and Combating the Financing of Terrorism)

# Revision plans for Insurance Core Principles

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## Based on:

- Self-Assessment and Peer Reviews (SAPR)
- ComFrame



Comprehensive review of the ICPs, including the Introduction and Assessment Methodology to be completed by 2017.



ComFrame, once adopted, will then refer to and build upon a complete revised set of ICPs

# Schedule of ICP review

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2015

- ICPs 4, 5, 7 and 8 (licensing, suitability, governance, risk mgt)
- ICP 23 (group-wide supervision)

2016

- ICPs 9, 10, 11 (supervisory powers and measures)
- ICPs 3, 12, 25, 26 (resolution and cooperation)  
    ➔ As a basis for ComFrame Module 3

2017

- Introduction and Assessment Methodology
- ICPs 1, 2 and 6
- ICPs 13 to 22 and 24

# Detailed schedule of SAPR and ICP review

Revision Plans by ICP			Colour key: SAPR* Revisions Adoption				
ICP	Title	Responsibility:	2013	2014	2015	2016	2017
ICP 1	Objectives, Powers and Responsibilities of the Supervisor	ICP Review Task Force					
ICP 2	Supervisor	ICP Review Task Force					
ICP 3	Information Exchange and Confidentiality Requirements	Insurance Groups WG/ ReWG					
ICP 4	Licensing	Governance WG					
ICP 5	Suitability of Persons	GWG					
ICP 6	Changes in Control and Portfolio Transfers	Task Force (+WGs)					
ICP 7	Corporate Governance	Governance WG					
ICP 8	Risk Management and Internal Controls	GWG					
ICP 9	Supervisory Review and Reporting	ICP RTF					
ICP 10	Preventive and Corrective Measures	ICP RTF					
ICP 11	Enforcement	ICP RTF					
ICP 12	Winding-up and Exit from the Market	Resolution WG					
ICP 13	Reinsurance and Other Forms of Risk Transfer	ReTask Force					
ICP 14	Valuation	AAWG					
ICP 15	Investment	CDWG					
ICP 16	Enterprise Risk Management for Solvency Purposes	GWG/CDWG					
ICP 17	Capital Adequacy	CDWG					
ICP 18	Intermediaries	Market Conduct WG					
ICP 19	Conduct of Business	MCWG					
ICP 20	Public Disclosure	AAWG					
ICP 21	Countering Fraud in Insurance	FCTF					
ICP 22	Anti-Money Laundering and Combating the Financing of Terrorism	FCTF					
ICP 23	Group-wide Supervision	IGWG					
ICP 24	Macroprudential Surveillance and Insurance Supervision	MPSWG					
ICP 25	Supervisory Cooperation and Coordination	IGWG/ReWG					
ICP 26	Cross-border Cooperation and Coordination on Crisis Management	ReWG					
<b>Introduction</b>		IGWG/GWG		para 13	para 13		
		ReWG (parts)					
		ICP Task Force					
<b>Assessment Methodology</b>		ICP Task Force					



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# Draft ICP Revisions for consultation – Group supervision and Glossary

**Urs Halbeisen, Vice Chair of Technical Committee**

**Global Seminar / Stakeholder dialogue**

**June 2015**

**Macau**



# Review - Issues Identified with ICP 23

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Self Assessment and Peer Review (SAPR) findings-

- Structuring and clarity
- Applicability of ICPs to the insurance group
- Multiple Jeopardy
- Application to, and role of Group Wide Supervisors / Host / Branch Supervisors

# Glossary / Introduction

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- During the review process it was identified that some glossary terms would require (re)defining to reflect the impact of the updated standards and ensure the scope of a group and subsequent scope of group supervision to apply was clear and consistent across the full suite of ICPs.
- Additional glossary terms have also been defined to reflect emerging group supervision practices i.e. application to the head of a group.
- Glossary terms also provide for the Joint Forum Principles for the Supervision of Financial Conglomerates.
- Changes are also being made to the Introductory Paragraph #13 to allow for the new glossary terms in respect to groups, for example the term “insurer” (noting that “legal entities” includes branches):

*Insurance legal entities or insurance groups including insurance-led financial conglomerates*

- The revised ICPs must be read in the context of the new proposed definitions.



# The New ICP 23 – the major changes

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- All content that could cause double jeopardy assessment issues has been removed and sits in the appropriate thematic ICPs, with revisions to reflect group supervision
- Follows the *Joint Forum Principles for Supervision of Financial Conglomerates* more closely with adjustments made for the insurance sector
- More alignment to ComFrame
- Now only 3 standards. More focussed on core recognition of scope of group and group supervision only.
  - *The scope of an insurance group (23.1)*
  - *The scope of group-wide supervision (23.2)*
  - *Ensuring no gaps in supervision occurs (23.3)*

# The New ICP 23

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**The group-wide supervisor, in cooperation and coordination with other involved supervisors, identifies the insurance group and determines the scope of group supervision.**

- 23.1 The group-wide supervisor, in cooperation and coordination with other involved supervisors, identifies all entities that are part of the insurance group.
- 23.2 The group-wide supervisor, in cooperation and coordination with other involved supervisors, determines the scope of group-wide supervision.
- 23.3 The supervisor does not narrow the identity of the insurance group or the scope of group-wide supervision due to lack of legal authority or supervisory power over particular entities.

# ICP 25

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Minor changes to ICP 25 to more clearly reflect the group supervision application to the head of the group and cooperation needed amongst involved supervisors – further changes possible as part of the bespoke ICP review on this Principle scheduled for 2016.

# Process as at June 2015

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- April – May 2015: Final drafting stages and pre-consultation
- May 2015 – Stakeholder session to gain informal feedback before seeking Parent Committee approval
- **June 2015: Parent Committee approval granted to consult**
- July/August 2015: Consultation
  - Group supervision pack will include revisions to Introduction, Glossary, ICP 23 and ICP 25
  - Along with other ICP revisions of the GWG
- August/September 2015: Review of consultation comments and integration, where appropriate, into the ICP draft
- September/October 2015: Finalisation of drafting and TC for information
- October 2015 – 2<sup>nd</sup> follow up Stakeholder session to seek input
- November: Presentation to Parent Committees/AGM for approval to publish

# Contact information

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Nina Moss / Lance Leatherbarrow  
Senior Policy Advisor

c/o Bank for International Settlements  
Centralbahnplatz 2  
CH-4002 Basel  
Switzerland

Email: [nina.moss@bis.org](mailto:nina.moss@bis.org)  
[lance.leatherbarrow@bis.org](mailto:lance.leatherbarrow@bis.org)

Website: [www.iaisweb.org](http://www.iaisweb.org)



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## Review of ICP 4, 5, 7 and 8

June 2015

Annick Teubner, Chair Governance Working Group



# Introduction

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- Process
- Stakeholder dialogue
- ICP Review TF
- Specific issues ICP 4, 5, 7, and 8
- Next steps

# Input revision

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Taken into account:

- The conclusions of SAPR of ICPs 4, 5, 7 and 8;
- FSB, BCBS and OECD and national developments;
- Input from IGWG and MCWG;
- TC input before May meeting
- Stakeholder dialogue
- Glossary: new GWG and IGWG definitions



# Informal Stakeholder dialogue in May

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- 50 stakeholders in meeting and on phone
- Asked for comments before dialogue
- Approach dialogue
- Particular interest in process and future work
- Positive feedback

# ICP Review TF

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- Proportionality
- Link prudential aspects and conduct of business
- Aim ICP's
- Terminology: policyholders, customers, 'ensure'...
- Editorial issues: references, should/may

# Specific issues ICP 4 and 5

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- No substantive policy changes;
- Distinguishing, throughout the text, more clearly where the standard/guidance applies to an insurance legal entity or more widely;
- SAPR recommendations ICP 4:  
Licensing decision within specific period  
Publication of conditions and restrictions
- ICP 5: Better distinction between the suitability requirements for Significant owners and the Board
- Better flow

# Specific issues ICP 7

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- BCBS input
- Revised the part on groups (Issues Paper on Group Governance)
- Transparency and communication: split between communication to supervisor and to stakeholders (suggest to move to ICP 20)
- TC: mainly editorial suggestions

# Specific issues ICP 8

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- Split up standard on risk management and internal controls
- BCBS input: added guidance on the risk management system and checked overlap with ICP 16
- Clarified guidance on Internal Controls
- Standard on Compliance function: recommendation from the SAPR - a slight addition
- Updated guidance on control functions (American Academy of Actuaries)

# Next Steps

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- June: draft revised ICPs published for public consultation;
- August: resolve comments from consultation;
- September: present proposed resolution of comments to TC
- October: Revise draft ICPs following input from consultation
- November: approval of revised ICPs by TC/EC and GM

# Contact information

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Nina Moss  
Senior Policy Advisor

IAIS  
c/o Bank for International Settlements  
Centralbahnplatz 2  
CH-4002 Basel  
Switzerland  
Email: [nina.moss@bis.org](mailto:nina.moss@bis.org)  
Website: [www.iaisweb.org](http://www.iaisweb.org)