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IAIS Announces Systemic Risk Assessment and Policy Workplan

Workplan to include development of an activities-based approach to systemic risk

Basel -- As part of the next three-year cycle for reviewing its approach to systemic risk assessment scheduled to conclude in 2019, the International Association of Insurance Supervisors (IAIS) is developing an activities-based approach to systemic risk assessment in the insurance sector. To put this into effect, the IAIS has adopted a systemic risk assessment and policy workplan. The workplan consists of a logical sequence of planned activities.

“This well-articulated workplan will allow the IAIS to develop a comprehensive framework for the assessment and mitigation of systemic risk, building on the work carried out so far,” stated Victoria Saporta, Chair of the IAIS Executive Committee. Ms. Saporta added: “The workplan will further allow the IAIS to take into account systemically risky activities in the development of ComFrame and, in particular, the Insurance Capital Standard (ICS); and to apply a revised Higher Loss Absorbency (HLA) requirement, based on ICS Version 2.0, to any global systemically important insurers (G-SIIs) identified based on the revised 2019 G-SII systemic risk assessment methodology. Importantly, it places the IAIS focus on developing the ICS at center stage.”

The workplan consists of the following elements:

1. Developing an activities-based approach (assessment of potential systemically risky activities) at the insurance sector level.
2. Finalising any policy measures to address such potential systemically risky activities as part of ComFrame (including ICS Version 2.0) to be adopted in 2019.
3. As part of the regular three-year cycle, releasing the revised 2019 systemic risk assessment methodology for public consultation by year-end 2018, with adoption in 2019. The 2019 systemic risk assessment methodology will be applied starting from 2020.
4. Basing the planned revisions to HLA requirements on ICS Version 2.0 scheduled for adoption in late 2019, rather than on the predecessor Basic Capital Requirement. The HLA revisions will occur following the adoption of the revised 2019 systemic risk assessment methodology. The HLA will be implemented beginning in 2022, once revised, and apply to any G-SIIs identified in 2020.

For more information on IAIS systemic risk assessment activities, please visit the IAIS website at www.iaisweb.org or click [here](#).

About the IAIS: The IAIS is a global standard setting body whose objectives are 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. Its membership includes insurance regulators and supervisors from more than 200 jurisdictions. For more information, please visit www.iaisweb.org.
