

Newsletter

December 2017

Issue 71



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Did You Know?

In 2008, the International Association of Insurance Supervisors (IAIS), together with the Basel Committee on Banking Supervision, International Organization of Securities Commissions, European Commission and the World Bank, became founding members of the Monitoring Group. It was created to oversee the enhancement of international audit quality in order to strengthen confidence in the audit of financial statements. Since then, the Monitoring Group has expanded its membership to include the Financial Stability Board and the International Forum of Independent Audit Regulators.

Recently, the Monitoring Group issued a consultation on [*Strengthening the Governance and Oversight of the International Audit-related Standard-Setting Boards in the Public Interest*](#). Interested stakeholders are encouraged to provide their views on this consultation by 9 February 2018.

From the Secretary General

In my first month as Secretary General, I have had the privilege of participating in two important insurance forums for regulators and industry stakeholders in Canada and the United States. The forums were quite different – the first a small gathering of Canadian life insurance CEOs and regulators; the second an NAIC National Meeting – but the message across both was consistent: There is a continuing need for global cooperation and dialogue in finding global solutions and common approaches to insurance supervision and regulation.



The almost 220 Members of the IAIS are more engaged today than ever before. It is clear that our Members appreciate the benefits of compatible regulatory regimes, particularly for the effectiveness of supervision of internationally active insurance groups. There is strong consensus that we need to be able to speak a common language and have a proper understanding of the risks that can spread across jurisdictional borders.

Finding global solutions is not an easy process; jurisdictions have their own unique markets, supervisory approaches and domestic priorities. There are some lively debates – but this is a healthy part of a robust international standard-setting process that helps to prioritise our work and improve our standards.

The key takeaway was that the direction of our work is forward-moving and positive, supported by our common goals and tremendous goodwill. We remain on track to deliver on our current commitments, including on finding shared solutions to help strengthen global financial stability.

Jonathan Dixon, Secretary General



For more information or to subscribe to the newsletter and e-mail alerts, please visit iais@bis.org. Comments and suggestions are always welcome.

In Focus...**Interview with New IAIS Secretary General Jonathan Dixon**

Following the conclusion of the 2017 IAIS Annual Conference in Kuala Lumpur, Jonathan Dixon became the new Secretary General of the IAIS. He succeeded long-time Secretary General Yoshihiro Kawai.

Before becoming IAIS Secretary General, Dixon served as Deputy Executive Officer of the Financial Services Board of South Africa from 2008, with oversight of insurance regulation and supervision. In this role, he transformed insurance regulation and supervision into a more proactive, risk-based and outcomes-focused approach. Dixon was also an active participant in the IAIS, having held a number of leadership positions including IAIS Executive Committee member since 2009 and Chair of the Implementation Committee since 2012. Among his many accomplishments, he spearheaded the creation of a Coordinated Implementation Framework for maximising the impact of IAIS implementation initiatives and was part of a small leadership team that developed the current IAIS five-year strategic plan. As former Chair of the Governing Council for the Access to Insurance Initiative (A2ii), Dixon is a highly regarded leader on inclusive and responsible insurance.

**As the new Secretary General, what are your top priorities?**

These are exciting times for the Association, with several major projects set to be delivered in the near term and new issues emerging. My job as Secretary General is to help Members succeed in achieving IAIS goals. Right now, this means:

- 1) Delivering on our current commitments to help promote a more stable global financial system, covering our work on the mitigation of systemic risk in the insurance sector and the development of ComFrame, including an Insurance Capital Standard (ICS) that is implementable by the end of 2019 in the form of confidential reporting to supervisory colleges.
- 2) Being alert to emerging risks and opportunities. The IAIS must continue to be forward-looking and help shape supervisory responses to the emerging insurance landscape, including on issues such as FinTech, cybersecurity and sustainability.
- 3) Preparing to pivot to an increased focus on assessing and supporting implementation of agreed global standards among our Members as we complete some of our major projects.

“My job as Secretary General is to help Members succeed in achieving IAIS goals”.
--Jonathan Dixon

As you see it, what does this Association stand for?

Working alongside my IAIS colleagues over the past eight years, whether as a member of the Executive Committee or Chair of the Implementation Committee, I have developed a deep belief in what the IAIS stands for:

- 1) We are an inclusive Association – one might say this is actually our greatest strength as we are able to call upon and help build capacity across supervisors representing every corner of the globe.

- 2) We also demonstrate how people from different regulatory regimes with different interests and different perspectives can work together to find joint solutions towards a common goal – that of effective and globally consistent supervision, to better protect policyholders and promote global financial stability.
- 3) We know how to make tough decisions through robust dialogue, like we demonstrated in Kuala Lumpur when we agreed on a unified path to convergence on ICS Version 2.0.

Can you share some examples of what you have described as an Association on a remarkable trajectory?

Yes. While many examples come to mind, here are just a few:

- 1) Our work on ComFrame (Common Framework for the Supervision of Internationally Active Insurance Groups) and systemic risk in the insurance sector has been welcomed by the broader standard-setting community, including the FSB, and is on track for delivery by the end of 2019.
- 2) We have developed high-quality papers on topics such as cybersecurity and FinTech, and have put in place processes to provide further guidance to supervisors on these topics.
- 3) We have partnered with other organisations to provide forums for supervisors to exchange ideas and develop good supervisory practices in areas such as financial inclusion (with the A2ii) and climate risk (Sustainable Insurance Forum, with the UN Environment Inquiry).
- 4) Our support for the assessment and implementation of our principles and standards has been significantly scaled up – just to illustrate: over the last five years, we have completed over 1,000 self-assessment and peer reviews, with 130 different supervisory authorities having participated; and this year saw 222 supervisors from 55 different authorities participate in our FIRST ONE on-line programme for new supervisors, organised in conjunction with the Financial Stability Institute.

Where do you see this Association at this point in time?

Thanks to the hard work of the Members, this Association is in a good place. There are opportunities to achieve even more by focusing on those areas identified as priorities by our Members and finding smarter ways to deliver on these goals. As Secretary General, I want to make sure the IAIS continues to be an effective and inclusive organisation – one that offers value to each and every Member, from across our broad membership, as we work towards our shared goals.

I am very bullish on the ability of the IAIS to deliver on its current commitments. When I see the dedication and commitment of our Members and the progress being made, I am confident we will deliver. That said, the issues are complex and the IAIS is a diverse and inclusive association. There are many different perspectives represented from among the more than 200 member regulatory authorities. We also actively seek and receive substantial public input at subject-matter stakeholder meetings or public consultations. The IAIS has a history of achieving ambitious goals on the back of strongly-shared objectives, dedication and goodwill among our Members.

“I am very bullish on the ability of the IAIS to deliver on its current commitments”.

--Jonathan Dixon

What are some of the ways Members can help shape the future of this organisation?

Simply put, by being involved. There are many opportunities for Members to play an active role in shaping our future priorities. One of the best and most immediate is through our strategic planning process. In January 2018, we will start work in earnest on developing the next five-year Strategic Plan and Financial Outlook (SPFO). An SPFO Task Force is being formed to help identify emerging opportunities and risks, and to assess what this means in terms of the needs of our Member supervisors. A critical part of this process will be obtaining Member input concerning IAIS strengths and areas where we can improve. These conversations will help shape the direction of our Association. In addition, Members can participate in our committee and subcommittee structures. Members interested in serving on a committee or subcommittee can approach the chair of the respective committee or subcommittee, as listed on our website.

The IAIS has been a leader when it comes to stakeholder engagement and public outreach. Do you see this trend continuing?

Absolutely. This trend will continue. Robust public engagement and transparency in decision making instils confidence in IAIS work products. This is integral to the standard-setting work we do. I expect implementation of the Stakeholder Engagement Plan adopted earlier this year to continue into 2018 and for our work on emerging risks and opportunities, such as FinTech, cybersecurity and sustainability, to provide room for closer collaboration with industry stakeholders as they grapple with the same questions.

What perspectives does your background in insurance regulation in South Africa give you for this new role?

Having headed-up insurance supervision in South Africa, I understand the environment in which our Members operate. Though the landscape varies by region and market, there are many common themes and experiences. In particular, South Africa presents a fairly unique combination of a sophisticated insurance sector, but with a high degree of financial exclusion. This gives me a sense of the challenges facing both developed market and developing market supervisors.

My time as South Africa's representative on the IAIS Executive Committee over the past eight years, and Chair of the IAIS Implementation Committee, has given me an appreciation for the breadth of IAIS work and experience in leading some of its major initiatives. I look forward to bringing an emerging market perspective to the role, recognising that our diversity is one of our greatest strengths.

**IAIS Releases Interim Consultation Paper on an Activities-based Approach to Systemic Risk**

On 8 December, the IAIS released an interim public consultation paper on an activities-based approach to systemic risk in the insurance sector. This followed the IAIS Systemic Risk Assessment and Policy Workplan as announced in February 2017.

IAIS Executive Committee Chair Victoria Saporta stated, "With the release of this paper, the IAIS has taken a significant step forward in progressing its Systemic Risk Assessment and Policy Workplan".

In accordance with this workplan, the IAIS is developing an activities-based approach to systemic risk in the insurance sector. This is part of the next three-year cycle for reviewing its approach to systemic risk scheduled to conclude in 2019.

The interim consultation paper is intended to provide an opportunity for stakeholders to give input into the development of an activities-based approach and feedback on the proposed steps that the IAIS will follow in its work on deriving activities-based policy measures. The paper does not include conclusive proposals on policy measures, as this will be the subject of the next phase of work in 2018.

The IAIS plans to launch a second public consultation on its final proposals by the end of 2018, after considering comments on this interim public consultation and completing further work on the development of policy measures and the review of its assessment methodology for the identification of Global Systemically Important Insurers (G-SIIs).

The IAIS invites comments on this interim consultation paper by 15 February 2018, through the consultation tools on the IAIS website.

The IAIS will hold a public background call via teleconference to introduce the interim consultation paper on 19 December 2017, at 13:30 Basel time.

To access the consultation tool, view the interim consultation paper and receive dial-in details for the public background call, please click [here](#).

IAIS Application Guidance for Product Oversight in Inclusive Insurance

On 23 November, the IAIS adopted the *Application Paper on Product Oversight in Inclusive Insurance*. Product oversight by insurance supervisors aims to ensure the fair treatment of customers by insurers while designing, advertising, selling and exercising other rights and obligations arising out of insurance products.

The paper provides guidance on the application of product oversight in markets in which a significant part of the population does not have access to suitable insurance products (also known as inclusive insurance markets).

Background

This paper has been developed to provide guidance to inform supervisors, policymakers and market participants of ways to implement and apply the IAIS Insurance Core Principles (ICPs) relevant to product oversight in inclusive insurance. An important objective of the ICPs is to protect the interests of customers. To further this objective, the outcomes as intended by the relevant ICPs need to be achieved. Based on the proportionality principle, the regulation and supervision of jurisdictions should be tailored to the specific conditions and characteristics of each jurisdiction allowing solutions that are adequate to achieve these outcomes without becoming excessive. This will help to avoid unnecessary barriers for market development in regulation and supervision, and will promote access to insurance products for customers.

About Product Oversight

The paper defines “product oversight” as “different sets of regulations, supervisory tools and processes used by supervisors to ensure the fair treatment of customers by insurers while designing, advertising, selling and exercising other rights and obligations arising out of insurance products”.

The primary objective of product oversight is to enhance the fair treatment of customers and to support proper management of conflicts of interest. Additionally, it is important to ensure that the objectives, interests and characteristics of consumers are considered. Proper product oversight can therefore strengthen consumer confidence in the insurance sector as a whole.

Effective oversight of products offered to customers is fundamental to maintaining fair, safe and stable insurance markets and, as such, is considered a key responsibility and activity of the insurance supervisor. Effective requirements and product monitoring can support market development by ensuring that products are fair, sustainable, provide value and build a positive reputation for insurance amongst customers.

Approaches to Product Oversight for Insurance Supervisors

There are three main approaches to product oversight for insurance supervisors:

- Principle-based;
- File-and-use; and
- Prior approval.

There may be different approaches for different products depending on considerations such as the financial capability of the customer, the complexity of the product or the mandatory nature of the insurance contract. In practice, a combination of these approaches exists in many jurisdictions

Supervisory approval of contract conditions or pricing is likely to be more appropriate in certain circumstances (eg where the insurer is dealing with less financially-capable or

vulnerable customers, where products are new to the market or complex, or insurance contracts required by law such as third party motor liability insurance or health insurance).

“It is important to recognise the vulnerability of the typical inclusive insurance customer with low or no education, an irregular and low income, particular needs for protection, typical and sometimes remote living conditions and no experience with or a negative perception of insurance. This calls for the development of suitable and affordable products, which may be complemented by stricter supervisory scrutiny and monitoring”.

--IAIS Application Paper on Product Oversight in Inclusive Insurance

Product oversight is only one element in the protection of consumers. It has been identified as an important area in which guidance can be provided to balance in a proportionate way consumer protection with market development objectives. While the typical inclusive insurance customer often possesses adequate coping skills, it is important to recognise the vulnerability of the typical inclusive insurance customer with low or no education, an irregular and low income, particular needs for

protection, typical and sometimes remote living conditions and no experience with or a negative perception of insurance.

Fair Treatment of Customers by Insurers

The ICPs provide various provisions for treating customers fairly in various stages of the insurance product lifecycle including its development, sales, promotion and all other activities connected to the sale of the product.

Insurers should follow a robust product design process that considers the specific need of the target market when developing inclusive insurance products. Being able to identify and understand the needs of the target market is crucial in product design in inclusive insurance.

The design process should focus both on the product itself (eg coverage, pricing, disclosures, advertising) and the manner in which the product will be distributed and serviced (eg identifying target market, sales channels. Once the product has been launched, there should be adequate monitoring to determine whether the product performs as designed and to allows adjustments to the product.

To view the Application Paper, please click [here](#).

Stakeholder Engagement

Nashville Stakeholder Meeting to Cover Both the ICS and an Activities-Based Approach to Systemic Risk Assessment

The IAIS will hold the third in a series of three regional stakeholder meetings on the ICS in conjunction with a session on an activities-based approach to systemic risk assessment. The meeting will be held in Nashville, Tennessee (USA) on 13 January 2018 from 14:00-18:30 local time.

On 21 July, the IAIS published ICS Version 1.0 for extended field testing. In that document, the IAIS stated that stakeholders may provide comments on ICS Version 1.0 for extended field testing for consideration in the development of ICS Version 2.0. The IAIS has held two other regional ICS stakeholder meetings – in Kuala Lumpur on 1 November and Basel on 5 December. As with these other two meetings, the Nashville meeting is intended to provide a forum for comments on ICS Version 1.0 for extended field testing.

On 8 December, the IAIS released an interim public consultation paper on an activities-based approach to systemic risk in the insurance sector in accordance with its Systemic Risk Assessment and Policy Workplan previously announced on 28 February 2017 and welcomed by the Financial Stability Board. The interim consultation paper is intended to provide an opportunity for stakeholders to give input into the development of an activities-based approach and feedback on the proposed steps that the IAIS will follow in its work on deriving activities-based policy measures. The paper does not include conclusive proposals on policy measures, as this will be subject of the next phase of work in 2018.

To register for the stakeholder meeting, please click [here](#). Please complete registration by 10 January 2018. However, stakeholders interested in making a presentation on the ICS should contact Danita Pattermore and Becky Easland via email ([link](#)) by 18:00 Basel time, Friday 29 December. Please specify the topics you would like to cover. Presentation materials related to the ICS should be submitted no later than 18:00 Basel time, Friday, 5 January 2018.

Stakeholders Invited to Suggest Programme Topics

As part of its new Stakeholder Engagement Plan, the IAIS made a commitment to continuing to expand stakeholder participation in the IAIS Global Seminar and Annual Conference programmes. In furtherance of this objective, IAIS stakeholders are invited to submit topics relevant to the IAIS mission for both events, including any suggested speakers, for consideration in programme planning. If interested, please email these to Stephen Hogge, Senior Policy Advisor for Communications at stephen.hogge@bis.org by 15 January 2018, writing “Programme Topics” in subject line.

Meetings and Events

Upcoming IAIS Meetings: January – February 2018

All of the following IAIS meetings will be held in Basel unless otherwise noted. Members should visit the IAIS website at www.iaisweb.org for more information on a specific meeting and to confirm dates and locations.

Date	Group
10-11 Jan	Resolution Working Group (Washington DC)
13 Jan	ICS and ABA Stakeholder Meeting (Nashville, USA)
15-16 Jan	Executive Committee (Nashville, USA)
17-18 Jan	Systemic Risk Assessment Task Force (Nashville, USA)
5-9 Feb	Capital, Solvency and Field Testing Working Group
6-7 Feb	Governance Working Group (Cape Town, South Africa)
7-8 Feb	Macroprudential Policy and Surveillance Working Group (Hyderabad, India)
8-9 Feb	Market Conduct Working Group (Cape Town, South Africa)
21-22 Feb	Accounting and Auditing Working Group (Bonn, Germany)
26-28 Feb	Parent Committees

Stakeholder Meetings

For information about any planned stakeholder meetings, please visit the Stakeholder Meetings page of the IAIS website by clicking [here](#).

Seminars and Training

Upcoming: IAIS-A2ii Regional Meeting 30-31 January 2018, South Africa

This regional meeting will be hosted by the Financial Services Board and has been co-organised by the IAIS and the A2ii. The key objective of this meeting is to set the agenda for the A2ii-IAIS capacity building activities in Sub-Saharan Africa in 2018. The activities presented for discussion will be taken from the Regional Implementation Plan for the implementation of the IAIS ICPs developed in 2017.

**Recent: GIICS Mid-Level 3-Day Training Seminar
21-23 November 2017, Bermuda**

The regional seminar was hosted by the Bermuda Monetary Authority and co-organised by the Group of International Insurance Centre Supervisors (GIICS) and the IAIS. The key objective of this regional seminar was to share knowledge and experience between the different jurisdictions in such areas as captive supervision, enforcement action, off-shore reinsurance and AML issues. For more information, please refer to the GIICS website: <https://www.giics.org>.

**Recent: ASSAL-IAIS Regional Seminar on Training for Insurance Supervisors of
Latin America, 29 November-1 December, Montevideo, Uruguay**

This seminar offered a high-level training programme for insurance supervisors in Latin America. The event was organised by the Central Bank of Uruguay, co-organised by the Association of Latin American Insurance Supervisors (ASSAL) and the IAIS. Topics of the seminar included risk-based supervision, risk management and internal controls, reinsurance, corporate governance, market conduct and other issues. For more information, please visit <http://www.assalweb.org/>.

 **Notices****Special Farewell Letter:
Yoshihiro Kawai, former IAIS Secretary General**

My Dear Friends,

It is now time to say goodbye to you. I will leave the IAIS at the end of this month. It has been an amazing 20 years. I have enjoyed working with each of you. My first contact with the IAIS goes all the way back to September 1996 when I attended the IAIS Annual Conference in Paris. At that time, I worked in Poland as an Advisor for the Polish Ministry of Finance. I was 34 years old and hardly knew anybody at the conference. Many people donned serious faces – I was a bit intimidated. But when I introduced myself for the first time, they immediately treated me as a colleague they had known for years and made me feel at home. After attending the conference, I became fascinated with this organisation and wanted to become a part of this family. Soon thereafter, in 1998, I joined the Secretariat in Basel. I have been with the IAIS – first as Deputy Secretary General and then, from 2003, as Secretary General – from that day forward.

On this occasion, I would like to briefly recap our 20 year history and the essential strengths of the IAIS as I see them – because our history is a foundation for our future, yet is not widely known.

IAIS History1998: Beginnings

The IAIS permanent Secretariat was set up in Basel in 1998—this is when the substantial work of the Association began. The IAIS was an extremely slim organisation. This was the centre of IAIS activity. There were no IAIS-developed insurance standards. The IAIS had no bank account and had a very small budget. It was small and few people knew about us. But we had big ambitions in starting up a new organisation and developing new international insurance standards.

The Association team was like a small group of mountain climbers at the base of a beautiful big mountain with no equipment. It seemed impossible to summit the peak but it was so beautiful. So we started –

moving up and forward without stopping – just climbing. Knut Hohlfeld, my boss and the first Secretary General, and I were always in the office. We worked days and nights 24/7. When we were not in office, we were travelling somewhere for a meeting or a negotiation. The sheer amount of work was unimaginable.

2003: Solid Foundation Built

In 2003, after five years of non-stop climbing, we reached the summit, or so we thought. We saw beautiful scenery – the first set of ICPs fully used by the Financial Sector Assessment Program a solid organisational foundation, the first five-year strategic plan and financial outlook and cross-sectoral activities as a member of the Financial Stability Forum and Joint Forum. But when we looked up from the peak, we found another beautiful and much higher mountain in front of us. So we decided to climb to summit another peak.

2008: Financial Crisis

For the next few years, the economy was booming and the world was positive and optimistic. We enjoyed smooth and good climbing. During this period, I was very much involved in emerging market activities. I travelled intensively and met with our Members from emerging markets in their regions-- Latin American, Asia, Africa, Middle East and off-shore financial centres about ICPs and encouraged them to implement the standards. Then came 2007-08 and the global financial crisis. This triggered global discussions on systemic risk and the insurance industry, and a need for more globally consistent regulation/supervision including global capital standards. The Association faced significant challenges – it was not certain it could cope with these challenges. Again, everyone worked intensively, days and nights, 24/7. It felt a lot like the initial period in 1998.

2015: Transformation

At the beginning of 2015, we reached another mountain peak—this one much higher than before. We had a superb view from the peak. The IAIS transformed into a new IAIS – an Association with a much stronger foundation and a much wider range of activities with more capacity, expertise, agility and flexibility.

The Members developed a G-SII assessment methodology and policy measures. They created the first ever global capital standards – the Basic Capital Requirement and the Higher Loss Absorbency. We reinforced ICPs and introduced ComFrame. A comprehensive peer review and assessment programme was established. The governance/stakeholder engagement/organisational structure was significantly reinforced. The Association became indispensable to the global financial sector. When we finally reached at the second peak and looked around with extreme satisfaction from the top, we again found something. In front of us we found another beautiful but even higher mountain. So we continued climbing.

2017: Climbing Up

In 2016 and 2017, we continued our ascent up to this third peak. We are now working on ICS Version 2.0, an activity based approach to systemic risk, reinforcement of our ICPs, finalising ComFrame, improving our assessment and implementation work and our support for emerging markets and new regulatory and supervisory challenges around cyber risk and Fintech.

IAIS Strengths

So how has this been possible? I believe it is due to the four strengths of this Association.

Diversity

Diversity is our origin and strength; we have over 200 member jurisdictions: east and west, south and north, developed countries and emerging markets, from all over the world. They represent different views and opinions. This diversity is the origin of the Association and its source of strength.

Global convergence

Global convergence is the means to accomplishing our goal. The world is global and a global solution is necessary. IAIS Members share the same mission – promoting effective and globally consistent insurance supervision. Their commitment to achieving this mission unites them.

Dialogue

Dialogue is the route to success. The only legitimate way to achieve our mission is through dialogue - understanding different views and seeking a greater truth by thinking together. As we have witnessed over the last 20 years, dialogue and discussion, creative ideas or unique opinions, countless meetings, calls, e-mails, Members have always found a solution. Dialogue is a simple but an extremely powerful tool to create the greater global good.

Making it Happen

As we have seen, the IAIS constantly moves upwards and forwards – climbing up one mountain after another. Before climbing up, it looked impossible to reach the top – but we started, we continued to move up and up and we reached the summit. Our history is one of “making it happen”, of “making the impossible, possible”.

Farewell

I have never been bored over my 20-year professional life with the IAIS. We have regularly met significant challenges. There was always a new mountain in front of us – climbing up one mountain was never the end of our journey. Once we climbed one, a new peak would appear. But thanks to the challenges, the IAIS became stronger and achieved higher goals.

We have always worked as a team – a team made up of the Secretariat, of Members, of stakeholders and the public. I have always been surrounded by people of good spirit and goodwill.

I have enjoyed the always stimulating discussion with you. I will treasure it throughout my life – the excellent memories of meeting you in various parts of the world, discussing from morning till night and creating something good – a greater global good together.

I thank each of you for your fellowship and friendship. It has been an immensely rewarding and enjoyable experience working with you for this Association. You are motivated and committed, full of goodwill and a spirit of cooperation.

Thank you also to my Secretariat colleagues both past and present who work day and night to make it happen, to make the impossible, possible.

And a special thanks to all of the Executive Committee Chairs under whom I have served: current Chair Vicky Saporta and former Chairs Felix Hufeld, Peter Braumüller, Michel Flamee, Alexandro Iuppa, Manuel Aguilera, Hanley Clark, John Thompson, George Pooley and, my predecessor, Knut Hohlfeld. Thanks to you, through your support and encouragement, I have completed my responsibility as a member of the Secretariat and as Secretary General.

I trust that that you will give Jonathan Dixon the same support you have given me. Jonathan is an exemplary Secretary General – he knows this Association from A to Z. He had been a leading member of the IAIS Executive Committee for the past nine years. He is thoughtful, balanced, calm and strong. He is an excellent communicator and a superb leader. With you, Vicky and Jonathan, this Association will continue to shine and summit ever-higher mountains. Keep on “making it happen”, keep on “making the impossible, possible”.

I wish you and this great Association continuous success in all your endeavours.

Yoshi

Committee and Subcommittee Activities

Committee Activities

Implementation Committee

The Implementation Committee met via teleconference on 12 December and discussed the following:

- Current revision work on the Coordinated Implementation Framework;

- Draft aggregate report on Phase 1 Implementation Assessment on the G-SII policy measures; and
- Scoping options for continued Phase 2 Implementation Assessments in 2018.

Secretariat Support: carole.lin@bis.org

Subcommittee Activities

Accounting and Auditing Working Group

The outcomes from the meeting of the Accounting and Auditing Working Group held on 6-7 December in Paris included:

- Approval of a draft revised ICP 20 (Public Disclosure) paper for circulation to other IAIS working groups for comment;
- Approval of a draft IAIS comment letter on the Monitoring Group Consultation [Strengthening the Governance and Oversight of the International Audit-related Standard-Setting Boards in the Public Interest](#); and
- Productive dialogue on recent and anticipated accounting changes pertinent to insurers as well as on advancing the recommendations from the [Report of the FSB Task Force on Climate-related Financial Disclosures \(TCFD\)](#).

Secretariat Support: mark.causevic@bis.org

Capital, Solvency and Field Testing Working Group

The Capital, Solvency and Field Testing Working Group (CSFWG) did not meet in November. However, the Field Testing Analysis Team (FTAT) met 4-7 November to continue data analysis. The FTAT will continue meeting monthly through February 2018.

The CSFWG hosted a Volunteer Workshop on 4 December to discuss the initial results of 2017 Field Testing. In addition, the IAIS held an ICS Stakeholder Meeting on 5 December in Basel. This was the second in a series of three stakeholder meetings. A number of stakeholders attended and provided constructive feedback on ICS Version 1.0 for extended field testing. The slide decks that were presented during this meeting can be found on the IAIS website [here](#).

The third and final regional stakeholder meeting on the ICS will be held on 13 January 2018 in Nashville, Tennessee, (USA). As with the other two meetings, the Nashville meeting is intended to provide a forum for comments on ICS Version 1.0 for extended field testing. To register for the stakeholder meeting, please click [here](#). Please complete registration by 10 January 2018. However, stakeholders interested in making a presentation on the ICS should contact Danita

Pattamore and Becky Easland via email ([link](#)) by 18:00 Basel time, Friday 29 December. Please specify the topics you would like to cover. Presentation materials for this meeting should be submitted no later than 18:00 Basel time, Friday, 5 January 2018. See related article [here](#).

Secretariat Support: romain.paserot@bis.org and danita.pattamore@bis.org

Core Curriculum Task Force

The Core Curriculum project was introduced in the October 2017 IAIS Newsletter ([link](#)). The Core Curriculum Task Force is meeting regularly to review progress on Phase 1 (updating modules and proposals for further work in Phase 2) in preparation for a scheduled launch at the July 2018 IAIS meetings in Moscow.

Additional IAIS Member volunteers to draft and/or review curriculum modules are welcome. This is a Member-driven project, and all IAIS Members can benefit from having a diversity of experiences and perspectives represented. About 85 individuals from about 40 jurisdictions are already involved, with more welcome.

The Task Force is planning an information session on this project for interested Members on the morning of 1 March 2018 in Basel, following the IAIS Parent Committee meetings.

Secretariat Support: jules.gribble@bis.org

Financial Inclusion Working Group

Product Oversight

On 23 November 2017, the IAIS adopted the *Application Paper on Product Oversight in Inclusive Insurance*. Product oversight by insurance supervisors aims to ensure the fair treatment of customers by insurers while designing, advertising, selling and exercising

other rights and obligations arising out of insurance products.

The paper provides guidance on the application of product oversight in markets in which a significant part of the population does not have access to suitable insurance products.

A feedback session for stakeholders took place on 8 December.

You can find the paper on the [IAIS website](#). See related article [here](#).

Index-based Insurance

On 1 December, the IAIS released the draft *Issues Paper on Index-based Insurances* for a public consultation. Index-based insurance is increasingly looked at as a means to manage weather and catastrophic events, support food security and enhance access to insurance. The proposed paper provides background on this product, describes practices and actual examples and identifies related regulatory and supervisory issues and challenges. The public background session for stakeholders took place on 6 December 2017.

The draft paper and consultation tool are available on the [IAIS website](#). The consultation will end on 29 January 2018.

Use of Digital Technology

Work continued on the *Application Paper on the Use of Digital Technology in Inclusive Insurance*. Based on comments from the Implementation Committee, the draft was revised and will proceed towards its release for public consultation, which – subject to approval – is expected to start in February 2018.

Secretariat Support:
peter.vandenbroeke@bis.org

G-SII Analysts Working Group

The G-SII Analysts Working Group (G-AWG) met 28-30 November. During this meeting, the G-AWG worked on the finalization of the 2017 disclosure requirements pursuant to the 2016 G-SII Assessment Methodology (Paragraphs 81-83).

Furthermore, the G-AWG worked on preparation for the data collection for the 2018 G-SII identification process.

Secretariat Support: rogier.derksen@bis.org

Market Conduct Working Group

The Market Conduct Working Group met on 4-5 December in Basel under new Chair Michael Saadat. The main items for discussion were the draft *Issues Paper on Digitalisation* and future work on the use and protection of data.

It also received reports on the outcomes of the IAIS meetings in Kuala Lumpur, developments in the OECD Task Force on Financial Consumer Protection and the Annual General Meeting 2017 of FinCoNet.

It also discussed the work of the Financial Inclusion Working Group on product oversight and the use of digital technology in inclusive insurance and on the ICPs under consultation (ICP 16 – Enterprise Risk Management for Solvency Purposes and ICP 8 – Risk Management and Internal Controls).

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Systemic Risk Assessment Task Force

The IAIS will hold a stakeholder meeting on 13 January 2018 in Nashville, Tennessee (USA) that includes an activities-based approach to systemic risk. The meeting begins with a stakeholder session on the ICS. The meeting is scheduled from 14:00-18:30 local time.

On 8 December, the IAIS released an interim public consultation paper on an activities-based approach to systemic risk in the insurance sector in accordance with its Systemic Risk Assessment and Policy Workplan previously announced on 28 February 2017 and welcomed by the Financial Stability Board. The interim consultation paper is intended to provide an opportunity for stakeholders to give input into the development of an activities-based approach and feedback on the proposed steps that the IAIS will follow in its work on deriving activities-based policy measures. The paper does not include conclusive proposals on policy measures, as this will be subject of the next phase of work in 2018.

To register for the stakeholder meeting, please click [here](#). Please complete registration by 10 January 2018. See related article [here](#).

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Access to Insurance Initiative (A2ii) Report



The Access to Insurance Initiative (A2ii) is a unique global partnership which inspires and supports insurance supervisors in promoting access to insurance for underserved and low-income populations. It is the IAIS implementation partner on financial inclusion.

Recent Events

11th Consultative Forum on Scaling up insurance as a disaster resilience strategy for smallholder farmers in Latin America, 6 November, Lima, Peru

The Microinsurance Network, the A2ii and the IAIS co-organised this Consultative Forum. It was held alongside the 13th International Microinsurance Conference co-organised by the Munich Re Foundation and the Microinsurance Network, and hosted by the



Asociación Peruana de Empresas de Seguros. It drew over 60 high-ranking representatives from the insurance industry, and regulatory and supervisory bodies from 22 different countries.

Several key messages emerged from the discussion:

- Open dialogue and cooperation among all stakeholders is vital.
- A multi-stakeholder approach is essential for achievement of scale.
- The role of government needs to extend beyond mere payment of premiums and support the creation of a conducive ecosystem for insurance.
- It is necessary to invest in education and capacity building for the farmers, distributors and insurers.

The A2ii has prepared a short three minute video recap of this Consultative Forum. It is available for viewing [here](#).

A2ii hosts panel on digital technologies and supervisory approaches at the 13th International Microinsurance Conference, 8 November, Lima, Peru

Stefanie Zinsmeyer of the A2ii facilitated the panel and set the framework for the topics that followed:

- The Fourth Industrial Revolution, its challenges and opportunities.
- Denise Garcia of Mexico's supervisory authority CNSF shared insights from the IAIS report on [FinTech Developments in the Insurance Industry](#).
- Peter van den Broeke with the IAIS Secretariat spoke about the support that IAIS offers to supervisors and about the *draft Application Paper on the Use of Digital Technology in Inclusive Insurance*.
- Kofi Andoh delivered a presentation on Ghanaian experience with Mobile Insurance.
- Phiwa Nkambule from Riovic, South Africa presented on flexible microinsurance and the regulatory challenges they faced.

In conclusion, creating flexibility in regulation in order to facilitate innovation is key and it is necessary for the supervisors to strike a balance between facilitating innovation, increasing inclusiveness and protecting policyholders.

Association of South East Asian Nations (ASEAN) Insurance Regulators Meeting, 22 November, Vientiane, Laos

The A2ii presented its work and support services to this regulators-only meeting of ASEAN Insurance Regulators. The occasion provided a good opportunity for the A2ii to further strengthen its contacts in the region as well as explore opportunities for future collaboration with the ASEAN Secretariat. Supervisors, as well as ASEAN Secretariat, welcomed the presentation made by the A2ii and the opportunity to work together more closely in the future.

First national workshops for the Inclusive Insurance Innovation Lab, 27 November 2017

The kick-off workshops for the Inclusive Insurance Innovation Lab took place in the four participating countries (ie Kenya, Ghana, Mongolia and Albania). The country teams



consist of the insurance supervisor and six to seven other key stakeholders of the inclusive insurance sector (representing the supply-side and demand-side, as well as intermediaries). They came together in a two-day workshop to better understand the lab methodology, grow together as a country team and start discussing priority areas for innovation and learning.

25th Consultation Call on "Supporting responsible MSME insurance", 16 November 2017

This Consultation Call identified the specific insurance needs of Micro, small and medium enterprises (MSMEs), and the regulatory and supervisory factors that can stifle or stimulate the market for products targeted at MSMEs. The material on this call will help supervisors and regulators consider whether or not there are any steps they could take to help stimulate the provision and uptake of good quality MSME insurance.



The presentations can be found on the A2ii website by clicking [here](#). A written report will be published shortly.

Upcoming Events

26th IAIS-A2ii Consultation Call on Index Based Insurance, 18 January 2018

The first Consultation Call of 2018 will explore current practices with regards to index based insurance.

Recent Publications

The A2ii has released the report of the **24th A2ii-IAIS Consultation Call on "Supervising InsurTech"**, 21 September 2017.

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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