

# Annual Report 2003-04

*Activities from October 2003 to September 2004  
and 2003 financial statements*

International Association of  
Insurance Supervisors



## INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

### *Contributing to worldwide financial stability*

The IAIS was established in 1994. Its membership includes insurance regulators and supervisors from more than 100 jurisdictions. Its objectives are to:

- cooperate to ensure improved supervision of the insurance industry on a domestic as well as on an international level in order to maintain efficient, fair, safe and stable insurance markets for the benefit and protection of policyholders;
- promote the development of well-regulated and competitive insurance markets and thereby contribute to economic growth; and
- contribute to global financial stability.

✎ Taken from Article 2 of IAIS By-laws<sup>1</sup> ✎

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<sup>1</sup> Revised By-laws as proposed for adoption at 2004 General Meeting

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## Foreword

The International Association of Insurance Supervisors (IAIS) was established in 1994 to promote cooperation among insurance regulators and with regulators in other financial sectors. Currently insurance supervisory authorities from over 160 jurisdictions are members. In addition, more than 70 organisations and individuals are observers. They represent professional associations, insurance and reinsurance companies, international financial institutions, consultants and other professionals. The IAIS is led by an Executive Committee with a maximum of 15 voting members elected from the different regions of the globe. It is supported by a Secretariat located at the Bank for International Settlements in Basel, Switzerland.

The IAIS develops principles and standards on insurance supervision. In doing so, it helps establish and maintain fair and efficient insurance markets for the benefit and protection of policyholders. The IAIS also prepares issues papers that provide background on specific areas of interest to insurance supervisors.

The IAIS is active in promoting the implementation of its supervisory standards through training activities. It works closely with international organisations, regional groups and supervisory authorities to accomplish this mission. The IAIS also develops implementation tools such as case studies on supervisory issues.

The IAIS contributes to assessments of jurisdictions' observance of standards in close collaboration with the IMF and World Bank. The Insurance Core Principles, methodology and self-assessment questionnaire are used for this purpose and by any jurisdiction wishing to improve its supervisory laws and practices. In this regard the IAIS maintains a list of qualified insurance experts able to conduct assessments.

The IAIS collaborates closely with other international regulatory organisations. In particular, the IAIS is one of the constituting bodies of the Joint Forum and participates in all of its working groups. It is represented on the Financial Stability Forum. The IAIS has provided input to the International Accounting Standards Board's work in establishing standards for insurance accounting and has a member on their Standards Advisory Council. It also has observer status on the Financial Action Task Force.

Each year the IAIS hosts an Annual Conference to encourage multilateral discussions on topical issues for insurance supervisors and other insurance professionals. The Tenth Annual Conference was held in Singapore on 1–3 October 2003; this year's is being held in Amman, Jordan on 5–7 October 2004.

## Chairman's report

I am sure that, as of today, there is no doubt that the IAIS's activities are major cornerstones in insurance supervision. In fact, 2003-04 has been a year in which we have been paving the way into the future, both as standard setters and in aiding with standard implementation. Of course, all this is based on the IAIS's achievements and development over its first ten years.

This year's activity began with last October's very successful Tenth Annual Conference in Singapore. Among its major achievements were the approval of a *Standard on supervision of reinsurers*, three Guidance Papers, the revised *Insurance core principles and methodology*, and the *IAIS Medium Term Working Plan*.

Last year we strengthened and expanded the *Insurance core principles and methodology*. This was a significant achievement given that the ICPs are the essential principles that need to be in place for a supervisory system to be effective: they may be used when establishing a supervisory regime, or in identifying areas that may be improved within an existing regime. The ICPs are also used in financial services assessment programmes, providing the benchmark for comprehensive and consistent reviews of supervisory regimes. Following the adoption of the revised ICPs, a questionnaire has been launched in order to implement a self-assessment programme for members, giving them the opportunity of appraising their own supervisory regime against the core principles. The ICPs also form the foundation for the IAIS's own educational activities.

It is important to mention that the revised ICPs, along with other IAIS principles, standards and guidance papers, provide the basis for the Core Curriculum project. This project brings together the efforts of the IAIS, the World Bank and the Financial Stability Institute in order to accelerate the learning process for insurance supervisors, by developing a comprehensive learning curriculum. Specifically, the programme consists of establishing a learning mechanism and developing educational materials that will bring insurance supervisors to a high level of competence in various topic areas. Needless to say, this effort will be particularly beneficial for supervisors in jurisdictions with developing markets.

As you may recall, last year we adopted the *Medium Term Working Plan* (MTWP), which sets out the IAIS strategy and resource implications for the following five years. The IAIS is moving forward in accordance with the plan: during 2004 the IAIS activities and budget have successfully been reinforced in line with the MTWP, this being a critical first step for the future development of the IAIS.

Activities of the IAIS have developed from the exchange of information to include standard setting, enhancing the implementation of standards and promoting cooperation with national and international financial organisations. Due to this remarkable progress, the IAIS By-laws, which were originally adopted in 1993, with some revisions in 1999, did not envisage the IAIS's current status and level of activities. Therefore, after last year's Annual Conference, the Executive Committee decided to review the By-laws within this new context, bringing them up to date, taking into account and in the light of the revised *Insurance core principles and methodology*, the *Medium Term Working Plan*, and the IAIS's current status and activities. The revised By-laws are being proposed for adoption at this year's General Meeting.

Financially, 2003-04 was a difficult period, largely as a result of adverse exchange rate movements, given that the IAIS's expenses are incurred primarily in Swiss Francs, while members' and observers' fees have been payable in US Dollars. The exchange rate relationship between the US Dollar and the Swiss Franc during 2003 and 2004 resulted in a higher than budgeted expenditure when matched against corresponding US Dollar revenue. To resolve this situation, last year it was agreed that membership fees from 2005 would be payable in Swiss Francs. The Budget Committee has also taken the opportunity of reviewing and strengthening procedures and bringing budget-related policies up to date to ensure the maintenance and security of IAIS funds. This is elaborated in the Report from the Chair of the Budget Committee. I am confident that these measures will enable us to ensure a sound financial position for the IAIS for the future.

Finally, I would like to thank all of the IAIS members and observers for their support through participation in, and contribution to, IAIS activities over the last year. I should also particularly like to thank the following

organisations for their special support to the IAIS Secretariat during the past year: the Bank for International Settlements, the Financial Services Agency (Japan), the Guernsey Financial Services Commission, the Monetary Authority of Singapore, the Pension & Verzekeringkamer (Netherlands) and the Bundesamt für Privatversicherung (Switzerland).



Manuel Aguilera-Verduzco  
Chair – Executive Committee

## Report from Chair of the Technical Committee

The Technical Committee has remained very active, particularly in our priority areas, and I should like to focus on three of these in this year's report, namely: capital adequacy and solvency, accounting and reinsurance.

A key area of concern for the IAIS is the lack of common, internationally agreed standards by which capital adequacy and solvency requirements for insurers may be set or measured. This important issue is not easy to address as insurance products and practices around the world vary considerably and there are no current international standards on accounting for insurance and on actuarial valuation of policy liabilities, which is a significant but uncertain item on insurers' balance sheets. This year we commenced work on a supervisory framework, which will act as a roadmap in respect of standard setting on solvency and capital requirements, as well as forming the basis for a general framework on insurance supervision. This conceptual framework will also provide a key tool for the communication of our work in developing internationally coordinated standards on solvency and capital adequacy for insurers. At the same time work has commenced on a standard on suitable forms of capital, and on a common methodology for the determination and assessment of insurers' solvency.

Insurance supervisors are important users of insurers' financial statements and are thus key stakeholders in the development of international accounting standards which most impact the financial statements of insurers. The IAIS supports harmonised accounting standards for insurance as long as they embody a consistent approach to the measurement of assets and the insurance liabilities to which they are related. The International Accounting Standards Board (IASB) has for some time been working on a project on insurance contracts and issued IFRS 4 (Phase I of the project) in March 2004, applying to financial years commencing on or after 1 January 2005. We have commented on the development of this standard, as well as on proposed amendments to IAS 39, IASB's standard on *Financial Instruments: Recognition and Measurement*, which will apply to most of an insurer's assets. In particular, we have raised our concerns over the potential mismatch of accounting for related assets and insurance liabilities which may arise, at least until Phase II of IASB's insurance contracts project is completed.

Phase II will deal with the valuation of insurance liabilities.

Through the Accounting Subcommittee we are monitoring closely the development of Phase II. The IAIS has been granted observer status on the IASB Insurance Working Group of Phase II of the Insurance Project. The IAIS is also represented on the IASB's Standards Advisory Council. In June this year we held a positive and constructive meeting with members of the IASB Board in Oslo and we have agreed to hold regular meetings in the same format, as well as pursue other initiatives to enhance the working relationship between the two organisations. In the meantime, we are developing a paper on criteria for the valuation and measurement of insurance liabilities for prudential supervision. We hope that this will contribute to the Phase II process and lead to methodologies for calculating the items in public financial statements which are also acceptable for calculating items for supervisory or prudential purposes, so that we can all easily reconcile the two different approaches.

At last year's General Meeting we adopted a *Supervisory standard on supervision of reinsurers*, and reinsurance has remained in the spotlight. This IAIS Standard and the *Principles on minimum requirements for supervision of reinsurers*, which preceded it, anticipate a global approach to the regulation of reinsurers, moving towards a system of accreditation of home supervisors. Within this context the Reinsurance Subcommittee has now moved on to look, in particular, at mutual recognition in more depth.

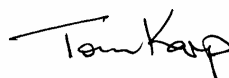
In March this year the IAIS was able to announce a major achievement in the development of a framework for the production of global reinsurance market statistics. The statistics will contribute greatly to enhancing transparency in the reinsurance sector. The IAIS Technical Committee set up a Task Force on Enhancing Transparency and Disclosure in the Reinsurance Sector (Task Force Re) in late 2002 in response to concerns expressed by the Financial Stability Forum over potential vulnerabilities in the reinsurance sector. The process proved very challenging, given the divergences between different jurisdictions in regulatory and reporting requirements, as well as in accounting standards. An IAIS Reinsurance Transparency Group is now continuing this work, including the production

of global reinsurance market statistics and reports, with the first report due later this year.

In addition to the above three key areas, our current priorities are anti-money laundering and combating the financing of terrorism. The Insurance Fraud Subcommittee has produced a revised *Guidance paper on anti-money laundering and combating the financing of terrorism* and will now start work on a *Guidance paper on fraud on insurers* and on revising the *Guidance paper for fit and proper principles and their application*. We have also recently assisted the Financial Action Task Force in an insurance typologies exercise.

Our Working Group on Electronic Commerce and the Internet has produced a revised *Principles on the supervision of insurance activities on the internet* and, with this work completed, e-commerce issues will now be taken care of by each IAIS working party insofar as such issues are relevant to the

areas covered by that group. The Enhanced Disclosure Subcommittee has produced a *Standard on disclosures concerning technical performance and risks for non-life insurers and reinsurers*, and is now working on two further disclosure standards: the first on investment performance and the second on technical performance and risks for life insurers. The Investment Subcommittee has completed a *Guidance paper on investment risk management*, and investment related matters will from now on be taken care of by the Solvency Subcommittee.



Tom Karp  
Chair – Technical Committee



## Report on standard setting and other technical activities

The IAIS is the recognised international standard setter for insurance supervision. The Technical Committee oversees this work. Major standard-setting and other technical achievements during the year 2003-04 are as follows:

Revisions to:  <i>Principles on the supervision of insurance activities on the internet</i>	The primary areas of revision to the Principles are: 1) the addition of comments regarding key risks and management of insurance activities on the internet; and 2) the extension of the scope to include insurance intermediaries.
Revisions to:  <i>Guidance paper on anti-money laundering and combating the financing of terrorism</i>	The new Guidance Paper takes into account the revised FATF Forty Recommendations on Money Laundering and the FATF Eight Special Recommendations on Terrorist Financing. The paper explains the vulnerability of the insurance sector with respect to money laundering and terrorist financing and provides case studies on money laundering. It also presents measures and procedures to control these risks.  With respect to the role of the supervisor, the paper contains sections on the application of relevant insurance core principles, monitoring of compliance and on cooperation with other organisations.
Revisions to:  <i>Insurance Core Principles: self-assessment questionnaire</i>	The questionnaire provides a template for conducting self-assessment on observance of the revised <i>Insurance core principles and methodology</i> which were adopted in October 2003.
Compilation of:  <i>Insurance Core Principles on Corporate Governance</i>	This is a compilation of the insurance core principle on Corporate Governance and other insurance core principles particularly related to corporate governance, together with a list of relevant standards and guidance papers. Together these provide a comprehensive set of regulatory and supervisory good practice on this important issue.
Standard on:  <i>Disclosures concerning technical performance and risks for non-life insurers and reinsurers</i>	Describes good practice in public disclosure of technical performance and risk by non-life insurers and reinsurers.  This is the first of the three disclosure standards that the IAIS will be issuing.
Guidance paper on:  <i>Investment risk management</i>	This paper provides guidance on effective investment risk management for insurers and reinsurers and highlights issues applicable to the management of market risk, credit risk, and liquidity risk. The paper also provides guidance for the supervisor when evaluating investment risk management policies and practices of insurers, including the main set of data and documents the supervisor should consider when assessing and monitoring the investment risk management of insurers.
Framework for:  <i>Global reinsurance market statistics</i>	A framework has been developed for the production of global reinsurance market statistics, which will form the basis for annual global reinsurance market reports, the first of which will be issued in late 2004.

Plans for future work in the area of standard-setting include:

#### 2004-05

Supervisory framework:	<i>An outline of the general approach to insurance supervision and a roadmap for standard setting on solvency and capital requirements</i>
Standard:	<i>Supervisory standard on suitable forms of capital</i>
Standard:	<i>Common methodology for the determination and assessment of insurers' solvency</i>
Standard:	<i>Disclosures concerning investment performance and risks for non-life insurers, life insurers and reinsurers</i>
Market data:	<i>First annual global reinsurance market statistics and report</i>
Summary report:	<i>Analysis of responses from the ICP self-assessment exercise 2004</i>
Summary report:	<i>Analysis of insurance laws, regulations and practices in member jurisdictions</i>
Issues paper:	<i>Criteria for the valuation and measurement of insurance liabilities for prudential supervision</i>

#### 2005-06

Revisions:	<i>Guidance paper for fit and proper principles and their application</i>
Guidance paper:	<i>Fraud on insurers</i>
Guidance paper:	<i>Asset and liability management</i>
Standard:	<i>Disclosures concerning technical performance and risks for life insurers</i>
Survey:	<i>Use of the internet and e-commerce by insurers</i>

### Work in progress

#### *Accounting Subcommittee*

The Accounting Subcommittee has been mainly involved in following and responding to the work of the International Accounting Standards Board (IASB) that is relevant to the insurance sector. It has submitted comments regarding IASB's Phase I of the insurance contracts project, as well as on the International Accounting Standard Committee Foundation constitution review. The IASB is now moving forward with Phase II of the insurance contracts project, which will provide guidelines and principles for fair value accounting of insurance contracts, and an Exposure Draft is expected in the spring of 2005.

In an effort to be more influential on the IASB work the subcommittee is planning to publish a paper on criteria for the valuation and measurement of insurance liabilities for prudential supervision, in December 2004, before the issue of the IASB exposure draft. The Subcommittee also intends to provide comments on the actuarial standards on contract liabilities of insurers developed by the International Actuarial Association. The Accounting Subcommittee is chaired by Florence Lustman, France.

### *Enhanced Disclosure Subcommittee*

The Enhanced Disclosure Subcommittee is drafting a standard on *Disclosure concerning investment performance and risks for insurers*. This is the second of the three disclosure standards it intends to prepare (the first being a *Supervisory standard on disclosures concerning technical performance and risks for non-life insurers and reinsurers*, which will be presented to the Annual Conference in 2004, and the last being a life insurance technical performance and risks disclosure standard). The three standards may be combined into a single disclosure standard at a later date. The Enhanced Disclosure Subcommittee is chaired by Henning Göbel, Germany (formerly by Alberto Corinti, Italy and Lars Østergaard, Denmark).

### *Working Group on Electronic Commerce/Internet*

The Working Group completed a draft revised *Principles on the supervision of insurance activities on the internet* which is being proposed for adoption at the 2004 General Meeting. Following endorsement of the *Principles* paper by the Technical Committee, the Working Group has now disbanded and responsibility for e-commerce issues now lies with all working parties, insofar as such issues are relevant to their respective areas. The acting Chair of the Working Group on Electronic Commerce/Internet was Edward Forshaw, UK (formerly Tarmo Pukkila, Finland).

### *Financial Conglomerates Subcommittee*

The Financial Conglomerates Subcommittee provides a link between the IAIS and the work of the Joint Forum. It is currently focussing on two areas: different supervisory architectures for dealing with cross-sectoral issues of conglomerates, and business strategies of conglomerates. It has also implemented working procedures to enhance the liaison between the IAIS and the Joint Forum. The Financial Conglomerates Subcommittee is chaired by Christophe Beaux, France (formerly Olivier Paquier, France).

### *Insurance Fraud Subcommittee*

Over the last year the Insurance Fraud Subcommittee has been working on a revised *Guidance paper on anti-money laundering and combating the financing of terrorism*, and the revised guidance paper is being proposed for adoption at the 2004 General Meeting.

The IAIS has observer status in the Financial Action Task Force and is represented at its plenary meetings by the Insurance Fraud Subcommittee Chair. The IAIS also participates in the FATF project group on insurance typologies and recently assisted the FATF in an insurance typologies exercise, through issuing a questionnaire to members. The Insurance Fraud Subcommittee is chaired by Peter van den Broeke, Netherlands.

### *Insurance Laws, Regulations, Practices and Standards Subcommittee*

Following the launch of the Insurance Laws and Reinsurers databases in late 2002, the Insurance Laws, Regulations, Practices and Standards Subcommittee is focussing on promoting jurisdictions to participate in the database, and on technical enhancement to the database. It has also continued work on a report on insurance laws, regulations and practices in IAIS member jurisdictions, which is planned to be issued by the end of 2004. The Insurance Laws, Regulations, Practices and Standards Subcommittee is chaired by Peter Braumüller, Austria.

### *Investments Subcommittee*

The Investments Subcommittee has completed a *Guidance paper on investment risk management*, which will be proposed for adoption at the 2004 General Meeting. Following completion of this work the subcommittee has disbanded, and future investment issues will now be taken over by the Solvency Subcommittee. The Investments Subcommittee was led by a troika of subcommittee members: Corinne Kaufman, UK; Jos Kleverlaan, Netherlands; and Ted Price, Canada.

### *Reinsurance and Other Forms of Risk Transfer Subcommittee*

Following the completion of the *Supervisory standard on supervision of reinsurers*, which was adopted in October 2003, the Reinsurance and Other Forms of Risk Transfer Subcommittee is undertaking a survey on the status of compliance with the standard, to determine whether additional guidance is required. The subcommittee has also established a separate Mutual Recognition Subgroup, whose main purpose will be to identify principles for a framework whereby supervisors may recognise the regulatory and supervisory framework in another jurisdiction, in order to mutually recognise the supervision of reinsurers in each other's jurisdictions. Until August 2004 the Reinsurance and Other Forms of Risk Transfer Subcommittee was chaired by Ernst Csiszar, USA<sup>2</sup>.

### *Solvency and Actuarial Issues Subcommittee*

At the request of the Technical Committee, the Solvency and Actuarial Issues Subcommittee has been working on a general Insurance Supervisory Framework, including a common methodology for the determination and assessment of insurers' solvency, taking into account the supervisory philosophy as embodied in the Framework. The subcommittee will continue to liaise closely with the International Actuarial Association as it progresses on this work. The subcommittee continued work on a draft *Supervisory standard on suitable forms of capital*. The drafting of a guidance paper on asset and liability management has also been started. The Solvency and Actuarial Issues Subcommittee is chaired by Wil Dullemond, Netherlands.

### *Task Force on the Assessment and Implementation of Insurance Core Principles*

In July 2004 the Task Force on the Assessment and Implementation of Insurance Core Principles commenced a new initiative of self-assessment against the revised *Insurance core principles and methodology*. Responses from members are expected by the beginning of January 2005. The Task Force will present its analysis on the responses received at the 2005 IAIS Annual Conference. The Task Force on the Assessment and Implementation of Insurance Core Principles is chaired by Alessandro Iuppa, USA.

### *Task Force Re and Reinsurance Transparency Group*

The Task Force on Enhancing Transparency and Disclosure in the Reinsurance Sector (Task Force Re) presented its final report to the Financial Stability Forum in March 2004 and, having fulfilled its mandate, disbanded. Task Force Re was chaired by Henrik Bjerre-Nielsen, Denmark.

A Reinsurance Transparency Group was established in March 2004 to undertake the ongoing data collection under the framework established by Task Force Re. The group is responsible for the production of annual global reinsurance market statistics and reports, the first of which is due for publication in the fourth quarter of 2004, and will continue to develop the framework for the production of the global statistics. It will liaise with other IAIS working groups, in particular the Reinsurance and Other Forms of Risk Transfer Subcommittee and the Enhanced Disclosure Subcommittee, monitoring closely developments within the field of risk-oriented disclosures by individual reinsurers. Until August 2004 the Reinsurance Transparency Group was chaired by Ernst Csiszar, USA<sup>2</sup>.

## **Observers' involvement**

During the year the Technical Committee working parties have continued to receive substantial support from IAIS observers. They have been generous in providing input and comments on a range of issues when requested and respectful of supervisory concerns. Each working party has developed a unique relationship with the observer community that suits both its needs and operating style. This partnership has been productive and has served to improve the quality and relevance of the output.

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<sup>2</sup> The selection process for a new Chair was in progress at the date of this report.

## Report from Chair of the Emerging Markets Committee

The implementation of standards remains a high priority for the IAIS. The Emerging Markets Committee, together with the Education Subcommittee chaired by Hauw Soo Hoon, has been very active in this area during the year.

We have supported a number of regional training seminars, many of which were co-organised by the Financial Stability Institute, produced presentation notes and case studies, and developed guidelines to ensure that seminars maintain a high standard. We have facilitated technical assistance in collaboration with the IMF and the World Bank, and have also provided a forum for emerging market members to discuss issues such as accounting, solvency and reinsurance.

During the period from October 2003 to September 2004, we sponsored and organised eight regional seminars for insurance supervisors in Central and Eastern Europe, Asia, Latin America, the Middle East and North Africa. For each event, insurance supervisors from around 15-20 jurisdictions received training on the insurance core principles and other important supervisory subjects through lectures, panel discussions, and other training tools. The events have been well received. Examples of the educational tools which we have developed for these seminars are case studies on risk-based supervision, corporate governance, preventive and corrective measures, on-site inspections, licensing, investment regulations, and intermediaries.

Together with the World Bank and the Financial Stability Institute, we launched the Core Curriculum Project in July last year. The objective of this project is to develop a comprehensive learning curriculum together with training material for insurance supervisors. A nine-member Task Force on

the Core Curriculum Project, which I also chair, was established to oversee the project. The Emerging Markets Committee works closely with the Task Force. Progress made by the Task Force during the period under review is discussed below.

We also collaborate with the World Bank on the distance learning programme. Recent developments include the production of video CDs covering the insurance core principles and case studies.

Through the above activities, the Emerging Markets Committee and Education Subcommittee are fulfilling their objectives to provide insurance supervisors in emerging markets with guidance and training, and to encourage them to establish sound regulatory and supervisory systems and to foster the sharing of related information.

This is my first year as Chair of the Emerging Markets Committee. I replace André Swanepoel, who retired as Chair in June this year, having served on this Committee since its establishment. Thanks to André's initiative, the IAIS has made considerable progress in emerging market activities. I offer him my heartfelt thanks for his significant contributions to the IAIS and, in particular, to the work of this Committee.



Carl Hiralal  
Chair – Emerging Markets Committee

## Report on standard implementation activities

Practical and effective implementation of IAIS standards is the principal means of achieving the IAIS goal of creating a sound insurance supervisory system worldwide. Wider adoption and implementation of the standards will contribute to the advancement of insurance supervisory frameworks and insurance markets and to global financial stability. The IAIS plays a key role in facilitating the adoption and implementation of its standards.

The implementation of IAIS standards is important in all jurisdictions. The IAIS pays special attention to emerging market jurisdictions and directs training and other technical assistance to these areas. The Emerging Markets Committee, together with the Education Subcommittee, coordinates IAIS activities aimed at developing insurance supervisory frameworks and capacity in emerging market jurisdictions.

### *Insurance Core Curriculum Project*

The Core Curriculum Project was launched officially in July 2003, in partnership with the World Bank and the Financial Stability Institute (FSI). The goal of the project is to develop a comprehensive learning curriculum together with training material, as well as delivery mechanisms accessible to insurance supervisors anywhere in the world, regardless of skill level. The World Bank's role in this project is to assist in developing the learning framework, to provide assistance in content development and management and to ensure wide participation in the development process by supervisory authorities. The World Bank is a key provider of funding for the project.

Since the project was launched significant progress has been made:

- A nine-member Task Force on the Insurance Core Curriculum Project, chaired by Carl Hiralal, Canada, has been established;
- Both active and former insurance supervisors and industry professionals are engaged in the content development and review. All authors and reviewers for the year 2004 modules have been approved by the Task Force;
- There are 56 modules planned for development over the three years from 2004 to 2006, of which 15 modules (including case studies) will be developed in 2004. A work plan for 2004-06, with module development templates, literature search and learning objectives for each module, has been approved by the Task Force. The content of the modules will be based on the IAIS insurance core principles, standards and guidance papers. Other standards that are earmarked for future development within the IAIS will be translated into modules when available.
- As modules are developed, they will be tested by means of pilot programs. The first pilot program was held on 31 May - 4 June 2004 in Singapore. Topics covered were corporate governance, internal control and an HIH case study. The second pilot program is planned for November 2004 in South Africa.

The Core Curriculum Project is the first effort by IAIS members and observers to pool resources to develop a body of knowledge that can be implemented by all regulators for use in the training of supervisory staff. The IAIS will be looking for additional authors and reviewers to assist in the completion of the project during 2005-06.

### *Distance learning training programme*

As in previous years the IAIS and the World Bank have collaborated in a distance-learning programme for insurance supervisors. Thirteen countries from East and South Asia, Latin America and the Caribbean participated in the courses held over the period under review. The courses consisted of three modules: IAIS insurance core principles, non-life financial statement analysis ratios and the role of actuaries.

The courses have an innovative format, involving reading materials, presentations via videotape and an on-line discussion forum with presenters, via email, available throughout. This is followed up with a case study, and concludes with a three-hour videoconference. A further set of courses is scheduled to be held later in 2004.

The introductory video CDs for each of the insurance core principles were developed by the World Bank. A number of case studies on supervisory topics (on-site inspection, troubled companies, corporate governance, investments, licensing, assessment of insurance core principles, etc.) have also been developed and these were used in the IAIS regional seminars.

#### *Regional seminars*

The IAIS, in collaboration with the FSI, maintains and publishes a list of training seminars for insurance supervisors. This enables supervisors periodically to plan and budget for relevant seminars. The IAIS and FSI, sometimes in collaboration with other international or local organisations, assist jurisdictions in planning and organising training seminars. The seminars focus on the insurance core principles, or on particular principles, depending on the interest and needs of the audience. A guideline on how to effectively arrange such seminars and allocate resources was approved.

#### **Training seminars for insurance supervisors between October 2003 and September 2004**

	<b>Location</b>	<b>Organiser(s)</b>	<b>For whom</b>
<b>October</b>	Prague, Czech Republic	Office of the State Supervision for Insurance and Pension Funds (Czech Republic), FSI, IAIS	Central and Eastern European insurance supervisors
<b>November</b>	Singapore	Monetary Authority of Singapore, IAIS	Asian insurance supervisors
	Santiago, Chile	Superintendencia de Valores y Seguros del Chile, ASSAL, IAIS	Latin American insurance supervisors
	Lucerne, Switzerland	FSI	Insurance supervisors
<b>March</b>	Basel, Switzerland	FSI	Insurance and banking supervisors
<b>April</b>	Budapest, Hungary	Hungarian Financial Supervisory Authority, IAIS	Central and Eastern European insurance supervisors
	Amman, Jordan	Insurance Commission (Jordan), FSI, IAIS	Middle East and North African insurance supervisors
<b>May</b>	San Juan, Puerto Rico	Office of Insurance Commissioner (Puerto Rico), ASSAL, OECD, IAIS	Latin American insurance supervisors
<b>June</b>	Vienna, Austria	Joint Vienna Institute, FSI	Central and Eastern European insurance supervisors
	Singapore	Monetary Authority of Singapore, World Bank, IAIS	The first Core Curriculum Pilot Program Asian insurance supervisors and trainers
	Oslo, Norway	FSI	Insurance supervisors
<b>July</b>	Basel, Switzerland	FSI	Insurance and banking supervisors
<b>August</b>	Singapore	Monetary Authority of Singapore, IAIS	Asian insurance supervisors

### *Regional chairs*

Regional groupings (Asia, Africa, Latin America, Middle East and North Africa, Central and Eastern Europe, Offshore, Other regions) are encouraged to cooperate and meet on a regular basis. Regional chairs coordinate training initiatives or other technical assistance activities in the region and serve as the main contact with the IAIS. The IAIS regional seminars may be held in jurisdictions other than that of the regional chair.

### *Translations*

The IAIS encourages the translation of its training manuals and case studies to ensure their maximum use. In addition, as indicated below, translations of IAIS principles, standards and guidance papers into Arabic, French, German and Spanish, prepared by members, are available at [www.iaisweb.org](http://www.iaisweb.org).

### **IAIS translated papers**

	<b>Arabic</b>	<b>French</b>	<b>German</b>	<b>Spanish</b>
<i>Insurance core principles (2000)</i>	✓	✓	✓	✓
<i>Insurance core principles &amp; methodology (revised 2003)</i>				✓
<i>Supervisory standard on licensing</i>			✓	✓
<i>Supervisory standard on on-site inspections</i>			✓	✓
<i>Supervisory standard on derivatives</i>			✓	✓
<i>Supervisory standard on asset management</i>			✓	✓
<i>Supervisory standard on group coordination</i>			✓	
<i>Guidance on insurance regulation and supervision for emerging market economies</i>				✓
<i>Guidance paper for fit and proper principles and their application</i>			✓	
<i>Anti-money laundering guidance notes for insurance supervisors and insurance entities</i>				✓

Members are encouraged to submit translations for website posting, particularly as papers are revised and new papers developed.

### *Insurance experts*

A list of experts who can provide technical assistance to regulators world-wide is available from the IAIS. These experts can assist regulators to address specific issues noted by the IMF and World Bank during their Financial Sector Assessment Program reviews.

### *Cooperation with external organisations*

The continued cooperation that exists with other international organisations including the FSI, World Bank, IMF, OECD, Toronto Leadership Centre, International Insurance Foundation, NAIC, Geneva Association and UNCTAD has helped enormously in ensuring that emerging markets have access to assistance and training in insurance supervision. The IAIS also greatly appreciates the support given by the Japanese Government. Increasingly many developed countries, in cooperation with the IAIS, are organising and participating in training seminars for emerging markets.



## Report from Chair of the Budget Committee

The year 2004, as well as 2003, has been a challenging one, financially. At the last General Meeting in Singapore we discussed the currency mismatch arising from the fact that membership fees are received in US Dollars while expenditure is incurred largely in Swiss Francs. To address this for the future it was agreed that, from 2005, the budget would be prepared in Swiss Francs and membership fees would also moved to a Swiss Franc basis.

In the meantime, however, this foreign currency exposure has resulted in foreign exchange losses as a result of exchange rate movements between the US Dollar and the Swiss Franc during 2003 and 2004 which have been both significant and unfavourable to us. Interest rates have also been low, reducing the level of investment income which we are able to achieve.

The Financial Statements for the year ended 31 December 2003 show expenditure exceeding revenues by US\$198,503, \$180,000 of which had been foreseen in the 2003 budget. This was due largely to these adverse exchange rate movements and to other unavoidable expenditure. The 2004 accounts are also affected by foreign currency exposure.

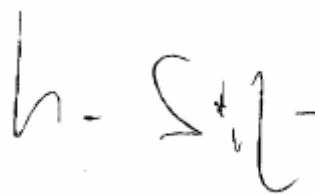
It is important that the association retains adequate reserves, and therefore that factors which may result in a reduction in reserves are identified at an early stage in order that these can be addressed. Whilst the deficit for 2003 arose from factors which were largely uncontrollable, this situation is nevertheless one which we should seek to avoid for the future.

For 2004 the situation has been similar to 2003, with the association facing serious exchange rate losses again. The Budget Committee, together with the Secretariat, has taken steps to reduce the impact of exchange rate fluctuations and to reduce expenditure. To minimise exchange rate exposure, we converted our US\$ current account, as well as

sufficient US\$ investments, to Swiss Francs to cover expenditure for the remainder of 2004, taking advantage of more favourable rates which became temporarily available. We have also implemented short-term and relatively extreme measures to reduce budgeted costs in 2004, at the same time securing additional financial support, where possible. We believe that there is a reasonable chance that these measures will enable a balanced budget for 2004 to emerge, after all, at the end of the year, also depending on the results of the Annual Conference.

In the meantime we have also taken the opportunity of reviewing and strengthening financial and budgetary controls, including the installation of improved monitoring procedures which include an early warning system.

From 2005 we are moving to the Swiss Franc as our operating and reporting currency. This will minimise foreign currency exposure for the future. The 2005 budget that is being proposed for adoption at the 2004 General Meeting is now prepared in Swiss Francs, with membership fees included in the budget consistent with the fee basis set out in the IAIS Medium Term Working Plan. With the exposure to any significant currency mismatch now behind us, and with the improved monitoring procedures which we have introduced, I believe that we now have in place a more secure financial basis for the future.



Thomas Steffen  
Chair – Budget Committee

Audited financial statements for the year ended 31 December 2003



**PricewaterhouseCoopers AG**  
St. Jakobs-Strasse 25  
Postfach 3877  
4002 Basel  
Switzerland  
Telephone +41 61 270 51 11  
Fax +41 61 270 55 88

Report of the Auditors  
to the Members  
International Association of Insurance Supervisors  
Basel

We have audited the accounting records and the financial statements (statement of financial position, statement of activities and notes) of the International Association of Insurance Supervisors (the "IAIS") for the year ended 31 December 2003. The Association's financial statements were examined by other auditors on the 31 December 2002 statements of the IAIS. The other auditor expressed an unqualified opinion in their report dated 18 February 2003.

These financial statements are the responsibility of IAIS's management. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the Swiss legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession in Switzerland, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and the financial statements comply with Swiss law and the Association's by-laws.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A blue ink signature of Ralph R Reinertsen, written in a cursive style.

Ralph R Reinertsen

A blue ink signature of Garrett C Thompson, written in a cursive style.

Garrett C Thompson

Basel, 9 March 2004

Enclosures:

- Financial statements (Statement of Financial Position, Statement of Activities, and Notes)

**Statement of Financial Position**  
**As per 31 December 2003**  
**(in US Dollars)**

	<b>2003</b>	<b>2002</b>
<b>ASSETS</b>		
Cash and banks	201,901	181,332
Money market investment	1,469,973	1,523,898
Accounts receivable, net	29,993	195,061
<b>Total</b>	<u>1,701,867</u>	<u>1,900,291</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable, net	214,734	299,819
Prepaid Subscriptions	130,419	20,000
Prepayment PVK Grant	24,745	50,000
	<u>369,898</u>	<u>369,819</u>
<b>Unrestricted Net assets</b>		
Retained earnings	1,530,472	1,454,141
Profit for the year	(198,503)	76,331
	<u>1,331,969</u>	<u>1,530,472</u>
<b>Total</b>	<u>1,701,867</u>	<u>1,900,291</u>

**Statement of Activities**

For the year ended 31 December 2003

(in US Dollars)

	2003	2002
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>Revenues and gains</b>		
Members fees	655,000	620,000
Observers fees	355,000	330,000
Annual conference registration fees	326,099	133,186
Interest income	6,870	21,599
<b>Total unrestricted revenue and gains</b>	1,342,969	1,104,785
<b>Expenses</b>		
Salary and benefits	858,868	662,170
Relocation expenses	92,179	5,958
Annual conference expenses	208,874	120,342
Training	7,785	9,298
Travel	123,817	114,905
Telephone & fax	6,569	2,589
Copies & postage	2,626	4,185
Printing & documentation	136	0
Audit	3,234	2,893
Meeting expenses	4,332	10,308
Website	84,559	11,530
Education	105,821	50,072
Exchange rate differences	41,066	29,799
Miscellaneous expenses	1,606	4,405
<b>Total expenses</b>	1,541,472	1,028,454
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	(198,503)	76,331

**Notes to the Financial Statements**

**Year ended 31 December 2003**

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**1 NATURE OF ORGANISATION**

The International Association of Insurance Supervisors (the "IAIS") is an Association in accordance with Swiss Law. The Association is domiciled in Basel, Switzerland and receives membership and observer fees from members worldwide.

It is an association of and for the international insurance supervisory officials. The IAIS provides an independent forum for officials to promote cooperation among the members in carrying out their responsibilities and to enhance their ability to protect insurance policyholders and promote secure and efficient insurance markets.

**2 SIGNIFICANT ACCOUNTING POLICIES**

The accounts are drawn up on the historical cost basis and income and expense items are recorded on the accruals basis.

**3 INCOME TAXES**

The Association is exempt from income tax.

**4 BENEFITS RECEIVED**

The Association is hosted by the Bank for International Settlements, Basel, and benefits from administration, accounting and other advisory services provided by the Bank for International Settlements. The total amount of these benefits has not been determined.

## Report from the Secretariat

The Secretariat has maintained a staffing of ten. Catherine Lezon is Deputy Secretary General, and Lonny McPherson and Luc Cardinal are our two Principal Administrators. We have one part-time and two full time administrative officers: Choon Choon Blanchard, Anne-Marie Kelly and Bridget Thomas, the latter supported by the Bank for International Settlements.

The Japanese government has continued its support in extending the term of Makoto Okubo, who works primarily on standard implementation matters, and in permitting us to hire Masako Anan for eight months from August 2004, to help in Technical Assistance activities. The Guernsey Financial Services Commission and the Monetary Authority of Singapore have respectively provided one year secondments of Peter Cooke, from January 2004, and Alex Lee, from March 2004. The Commission de Contrôle des Assurances, France has also seconded Emmanuel Avril to the Secretariat for ten months from September 2004. The Swiss Federal Office of Private Insurance has continued to allocate a staff member, Nina Arquint, to manage the IAIS insurance laws and reinsurance databases on a part-time basis. Farrah Ofner, an MBA student from Georgia State University learning risk management, worked in the Secretariat from mid July to mid August under a self-funded internship programme. In addition, the Dutch Insurance and Pension Authority provided grant support during the year.

The Secretariat is committed to providing the best services within its means to IAIS members and observers, and in support of IAIS activities.

Below is a summary of the main activities of the Secretariat over the past year.

In addition to the day-to-day management of IAIS operations, the Secretariat has contributed to strengthening the IAIS. It has provided support in chairing the Task Force on Revisions to the By-laws, which has completed the revised draft By-laws, and in preparing the draft IAIS 2005 budget and proposal for members' and observers' fees for 2005, all of which are proposed for adoption at this year's General Meeting in Amman, Jordan. The Secretariat has also developed and updated budget-related policies and procedures, reviewed the policy for investment of IAIS funds and, together with the auditor, prepared

the 2003 financial statements. Seven new members and six new observers were recruited in 2003. In 2004, in collaboration with members and observers, the Secretariat has helped to recruit five new memberships and eleven new observerships, which will be proposed for approval at the forthcoming General Meeting.

Since last year the Secretariat has extended support to the Technical Committee and all its 11 working parties, including organising and attending meetings (over 60 working party meetings were held during the year), coordinating different working parties' activities, writing minutes, preparing comment letters, drafting papers, compiling and proposing resolutions to comments, finalising documents, and chairing one of the working groups.

The Secretariat has also provided support to the Emerging Markets Committee, Education Subcommittee, Task Force on the Assessment and Implementation of Insurance Core Principles, and Task Force on the Core Curriculum Project, including coorganising and delivering presentations at 18 regional seminars, video conference and distance learning sessions, and has supported the creation of comprehensive learning materials for insurance supervisors.

During the year the Secretariat represented the IAIS, maintaining and reinforcing IAIS cooperation with various organisations including:

- the BIS: to maintain and enhance their support, in particular with regard to staff funding, office space, reinsurance statistics, legal advice, and the renewal of the agreement between the IAIS and the BIS; and in attending key meetings organised by the BIS;
- the Financial Stability Forum (FSF): the Secretariat prepared for and attended two plenary meetings and two regional meetings over the past year. In support of the Chair of the Task Force on Enhancing Transparency and Disclosure in the Reinsurance Sector, the Secretariat provided significant input in preparation for presentation at these meetings;
- the Coordination Group (the group formed of the Chairs and Secretary Generals of

the IAIS, Basel Committee on Banking Supervision (BCBS), and the International Organisation of Securities Commissions (IOSCO)): the Secretariat chaired the meeting in September 2003 and prepared for and attended the meetings in March and September 2004;

- the Joint Forum established under the aegis of the IAIS, the BCBS, and IOSCO: the Secretariat attended three Joint Forum meetings and coordinated views between IAIS members and between representatives from the IAIS and from the other organisations and assisted in developing papers on disclosure, credit risk transfer, and outsourcing;
- the International Monetary Fund: the Secretariat coordinated with the IMF regarding, notably, the IMF Financial Sector Assessment Programme (FSAP) and technical assistance;
- the World Bank: the Secretariat controlled the financials and assisted in the development of the Core Curriculum Project funded by the World Bank;
- the OECD: during 2003-04 the Secretariat represented the IAIS at two sessions of the OECD Insurance Committee, organised two meetings of OECD and IAIS Chairs and Secretariats to coordinate activities, and jointly organised a regional seminar for Latin American supervisors;

- the Financial Stability Institute: the Secretariat met regularly with the FSI to coordinate aspects of the standard implementation programme, notably the organisation of training seminars on insurance supervision;
- the International Federation of Accountants (IFAC): the Secretariat attended three Monitoring Group meetings and secured IAIS membership status on the Public Interest Oversight Board.

The Secretariat has enhanced communication with members, observers and others, notably through articles, press releases, seminars and conferences, meetings, quarterly newsletters, monthly round-ups, and the IAIS World Directory. In particular, the Secretariat has enhanced considerably the quality and content of the IAIS website over the past year.

I should like to thank all members, observers and other partners for their support to the IAIS and the IAIS Secretariat.



Yoshihiro Kawai  
Secretary General

## Executive Committee members

Members of the Executive Committee who have served since the 2003 Annual General Meeting are as follows:

Mr Manuel Aguilera-Verduzco, *Chairman*  
Comision Nacional de Seguros y Fianzas, Mexico

Mr Alessandro Iuppa, *Vice-Chairman*  
National Association of Insurance Commissioners

Mr Tom Karp  
Australian Prudential Regulation Authority, Australia

Mr Carl Hiralal  
Office of the Superintendent of Financial Institutions, Canada

Mr Alejandro Ferreiro Yazigi  
Superintendencia de Valores y Seguros, Chile

Mr Peter Neville  
Guernsey Financial Services Commission, Guernsey

Mr C.S. Rao  
Insurance Regulatory and Development Authority, India

Mr Makoto Hosomi *(until 2 July 2004)*  
Financial Services Agency, Japan

Mr Bassel Hindawi  
Insurance Regulatory Commission, Jordan

Mr Victor Rod  
Commissariat aux Assurances, Luxembourg

Mr Bjørn Skogstad Aamo  
Kredittilsynet, Norway

Mr Jan Monkiewicz  
Insurance and Pension Funds Supervisory Commission, Poland

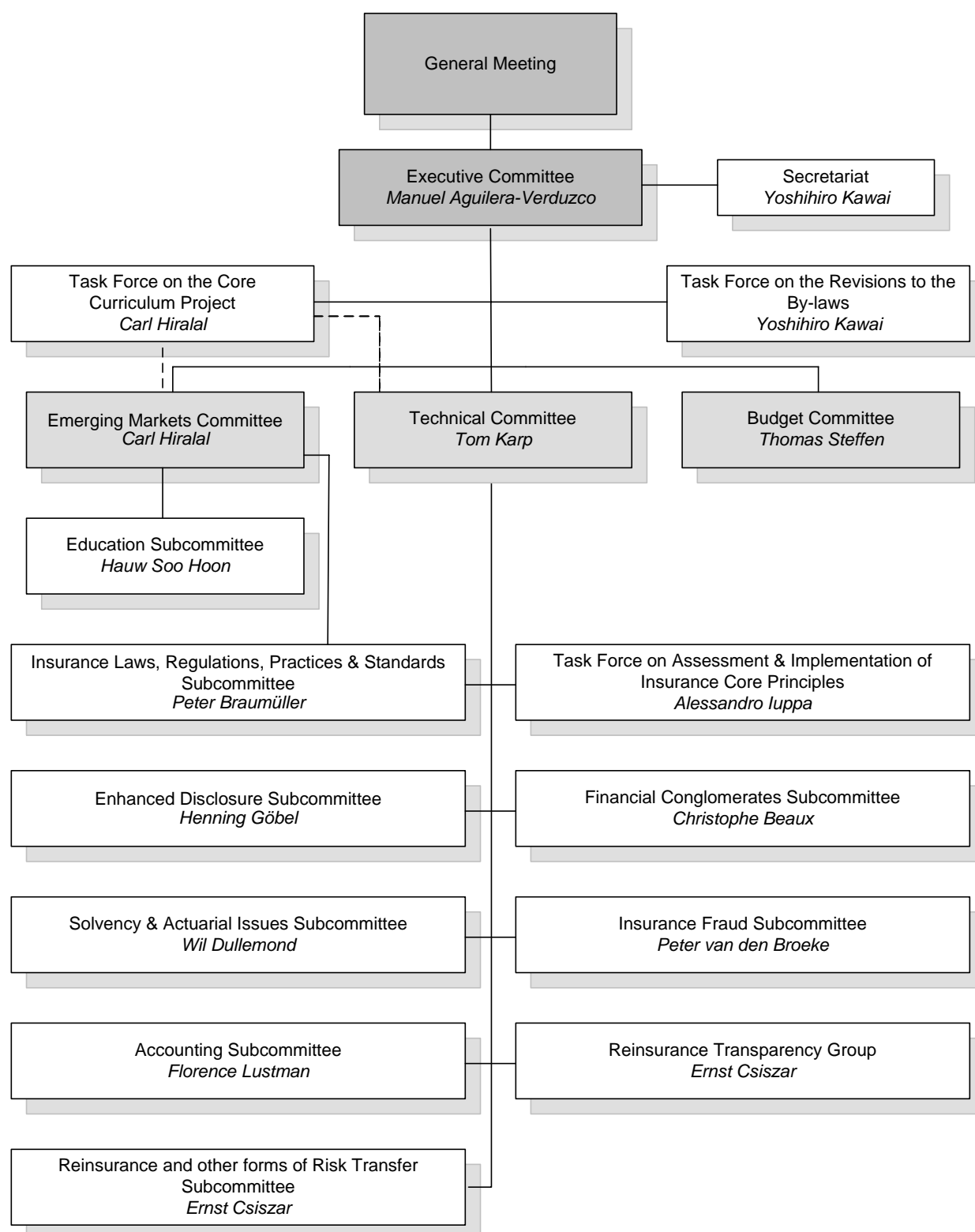
Mrs Hauw Soo Hoon  
Monetary Authority of Singapore, Singapore

Mr André Swanepoel *(until 25 June 2004)*  
Financial Services Board, South Africa

Mr José Carlos García de Quevedo Ruiz *(until 6 June 2004)*  
Dirección General de Seguros y Fondos de Pensiones, Spain



## IAIS Organisational structure



Note: the Investments Subcommittee and the Working Group on Electronic Commerce/Internet disbanded during the year and are therefore not shown above.

## IAIS Members in 2004

Africa	Conférence Interafricaine des Marchés d'Assurances (CIMA)
Albania	Albanian Insurance Supervisory Commission
Argentina	Superintendencia de Seguros de la Nacion Argentina
Aruba	Centrale Bank van Aruba
Australia	Australian Prudential Regulation Authority (APRA) Motor Accidents Authority of NSW Private Helath Insurance Administration Council (PHIAC)
Austria	Financial Market Authority (FMA)
Bahamas	Office of the Registrar of Insurance Companies, Ministry of Economic Development
Bahrain	Bahrain Monetary Agency
Barbados	Ministry of Finance and Economic Affairs
Belgium	Commission bancaire, financière et des assurances (CBFA)
Belize	Office of the Supervisor of Insurance
Bermuda	Bermuda Monetary Authority
Bolivia	Superintendencia de Pensiones, Valores y Seguros
Botswana	Ministry of Finance & Development Planning
Brazil	Superintendencia de Seguros Privados (SUSEP)
British Virgin Islands	Financial Services Commission (FSC)
Bulgaria	Financial Supervision Commission
Canada	Office of the Superintendent of Financial Institutions Autorité des marchés financiers, Québec
Cayman Islands, BWI	Cayman Islands Monetary Authority
Chile	Superintendencia de Valores y Seguros
China	China Insurance Regulatory Commission
Chinese Taipei	Department of Insurance
Croatia	Insurance Supervisory Authority
Cyprus	Ministry of Finance – Insurance Companies Control Service
Czech Republic	Office of the State Supervision for Insurance and Pension Funds
Denmark	Finanstilsynet (Danish Financial Supervisory Authority)
Dominican Republic	Superintendencia de Seguros de la República Dominicana
Ecuador	Superintendencia de Bancos
Egypt	Egyptian Insurance Supervisory Authority
El Salvador	Superintendencia del Sistema Financiero
Estonia	Estonian Financial Supervision Authority
European Commission	European Commission

Fiji	Reserve Bank of Fiji
Finland	Insurance Supervisory Authority Ministry of Social Affairs & Health
France	Commission de Contrôle des Assurances Ministère de l'Economie, des Finances et de l'Industrie
Georgia	Insurance State Supervision Service of Georgia
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht Bundesministerium der Finanzen
Ghana	National Insurance Commission Ghana
Gibraltar	Financial Services Commission
Greece	Direction of Insurance Enterprises and Actuaries
Guatemala	Superintendencia de Bancos
Guernsey	Guernsey Financial Services Commission
Guinea	Direction des Assurances
Honduras	Comision Nacional de Bancos y Seguros
Hong Kong	Office of the Commissioner of Insurance
Hungary	Hungarian Financial Supervisory Authority
Iceland	The Financial Supervisory Authority
India	Insurance Regulatory and Development Authority
Ireland	Irish Financial Services Regulatory Authority
Isle of Man	Isle of Man Government, Insurance and Pensions Authority
Israel	Ministry of Finance
Italy	ISVAP
Jamaica	Financial Services Commission
Japan	Financial Services Agency
Jersey	Jersey Financial Services Commission
Jordan	Insurance Commission
Kazakhstan	National Bank of Kazakhstan
Kuwait	Ministry of Commerce & Industry
Labuan, Malaysia	Labuan Offshore Financial Services Authority (LOFSA)
Latvia	The Financial and Capital Market Commission
Lebanon	Insurance Control Commission
Lesotho	Central Bank of Lesotho
Liechtenstein	Amt für Volkswirtschaft, Versicherungsaufsicht
Lithuania	Insurance Supervisory Commission of the Republic of Lithuania
France	Commissariat aux Assurances
Macau	Autoridade Monetária e Cambial de Macau
Macedonia	Ministry of Finance
Malaysia	Bank Negara Malaysia
Malta	Malta Financial Services Authority
Mauritius	Financial Services Commission

México	Comision Nacional de Seguros y Fianzas
Mongolia	Ministry of Finance and Economy
Morocco	Direction des Assurances et de la Prevoyance Sociale
Namibia	Namibia Financial Institutions Supervisory Authroity
Nepal	Beema Samiti (Insurance Board)
Netherlands	Pensioen- & Verzekeringskamer Ministerie van Financiën
Netherlands Antilles	Bank van de Nederlandse Antillen
New Zealand	Ministry of Economic Development
Norway	Kredittilsynet
OECD	Organization for Economic Cooperation & Development
Panama	Superintendencia de Panama
Papua New Guinea	Department of Finance & Treasury
Peru	Superintendencia de Banca y Seguros del Peru (SBS)
Philippines	Insurance Commission
Poland	Insurance and Pension Funds Supervisory Commission
Portugal	Instituto de Seguros de Portugal
Republic of Korea	Financial Supervisory Service (FSS) & Financial Supervisory Commission (FSC)
Romania	Insurance Supervisory Commission
Russia	Federal Authority for Insurance Supervision
Samoa	International Companies Office
Singapore	Monetary Authority of Singapore
Slovakia	Financial Market Authority
Slovenia	Insurance Supervisory Authority
South Africa	Financial Services Board
Spain	Dirección General de Seguros y Fondos de Pensiones
Sri Lanka	Insurance Board of Sri Lanka
Suriname	Centrale Bank van Suriname
Sweden	Finansinspektionen
Switzerland	Bundesamt für Privatversicherungen
Tanzania	Ministry of Finance
Thailand	Department of Insurance
Trinidad & Tobago	Central Bank of Trinidad & Tobago
Turkey	Prime Ministry, Undersecretariat of Treasury
Turks & Caicos BWI	Financial Services Commission
Uganda	Uganda Insurance Commission
Ukraine	State Commission for Regulation of Financial Services Markets in Ukraine
United Kingdom	Financial Services Authority
Uruguay	Superintendencia de Seguros y Reaseguros

USA	National Association of Insurance Commissioners (NAIC)
Vanuatu	Vanuatu Financial Services Commission

Candidates for membership since the 2003 General Meeting (applications received by end of August 2004):

Nevis	Nevis Financial Services Department
Pakistan	Securities and Exchange Commission of Pakistan
Serbia	National Bank of Serbia
Tunisia	Comité général des assurance, Ministère des finances
United Arab Emirates	Dubai Financial Services Authority

## IAIS Observers in 2004

International Institutions	Asian Development Bank (ADB) Comité Européen des Assurances (CEA) Federación Interamericana de Empresas de Seguros (FIDES) International Actuarial Association (IAA) International Insurance Foundation (IIF) International Monetary Fund (IMF) The Geneva Association World Bank (WB) World Federation of Insurance Intermediaries (WFII)
Australia	Insurance Council of Australia Limited
Bermuda	Association of Bermuda Insurers and Reinsurers
Brazil	Federação Nacional das Empresas de Seguros Privados e de Capitalização (FENASEG)
Canada	Canadian Life & Health Insurance Association Inc. CompCorp Insurance Bureau of Canada Lawrie Savage & Associates Inc. The Toronto International Leadership Centre for Financial Sector Supervision
Chinese Taipei	Insurance Institute of the Republic of China The Life Insurance Association of the Republic of China The Non-Life Insurance Association of the Republic of China
Colombia	Federacion de Aseguradores Colombianos, Fasecolda
Finland	Federation of Finnish Insurance Companies
France	Deloitte Touche Tohmatsu Fédération Française des Sociétés d'Assurance SCOR
Germany	Allianz AG Gesamtverband der Deutschen Versicherungswirtschaft KPMG Deutsche Treuhand-Gesellschaft AG Münchener Rückversicherungs-Gesellschaft Tillinghast – Towers Perrin
Israel	Association of Life Insurance Companies Ltd
Italy	Associazione Nazionale fra le Imprese Assicuratrici
Japan	Meiji Yasuda Life Insurance Company Nippon Life Insurance Company Nipponkoa Insurance Company Ltd. Sumitomo Life Insurance Company The Dai-ichi Mutual Life Insurance Company The General Insurance Association of Japan

	The Life Insurance Association of Japan
	The Toa Reinsurance Company Ltd.
	The Tokio Marine and Fire Insurance Co. Ltd.
Netherlands	Verbond van Verzekeraars
Poland	Polish Chamber of Insurance
Portugal	Associação Portuguesa de Seguradores
Singapore	General Insurance Association of Singapore
	Life Insurance Association (LIA)
Spain	Union Española de Entidades Aseguradoras y Reaseguradoras (UNESPA)
Switzerland	Schweizerischer Versicherungsverband
	Swiss Re
	XL Winterthur International
Turkey	Association of the Insurance and Reinsurance Companies of Turkey
United Kingdom	Association of British Insurers
	Barlow Lyde & Gilbert
	Clifford Chance
	Ernst & Young LLP
	Government Actuary's Department
	International Underwriting Association of London
	Lloyd's
	Pricewaterhouse Coopers
	Royal & Sun Alliance Insurance Group plc
USA	A.M. Best Company
	ACE INA Holdings Inc.
	American Council of Life Insurers
	American Insurance Association
	American International Group Inc.
	Barnert Global Ltd.
	Insurance Services Office Inc.
	Law Office of Carolyn Cobb
	New York Life International
	Reinsurance Association of America
	The Chubb Corporation

Candidates for observership since the 2003 General Meeting (applications received by end of August 2004):

Belgium	Association Internationale des Sociétés d'Assurances Mutuelle (AISAM)
Canada	Manulife Financial
Denmark	International Health Insurance Danmark A/S
Japan	Sompo Japan Insurance Co.
Japan	Mitsui Sumitomo Insurance Co. Ltd.

Japan	Aioi Insurance Co. Ltd.
Luxembourg	Association of International Life Offices
Switzerland	Zurich Financial Services
United Kingdom	LeBoeuf, Lamb, Greene & MacRae
United Kingdom	Mercer Oliver Wyman
USA	Employers Reinsurance Corporation