



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

PRESS RELEASE

28 June 2021

IAIS CONTACT: Melanie Clowes-Haug

+41 61 280 8442

IAIS-Press@bis.org

IAIS concludes mid-year committee and stakeholder meetings, noting solid progress in delivering on the IAIS Strategy 2020-2024 and sharing key learnings from the Covid-19 crisis

- *Strategic themes such as climate change, digital transformation, cyber resilience and diversity, equity and inclusion (DE&I) were key focus areas of discussion, highlighting alignment of priorities of insurance sector stakeholders and supervisors.*
- *Full year 2020 data, collected from the largest insurers and insurance markets worldwide, shows insurance sector demonstrated both operational and financial resilience to the shocks triggered by Covid-19, yet uncertainties remain for future.*
- *Strong progress in post-financial crisis reforms with confirmation that the Insurance Capital Standard (ICS) monitoring period and finalisation timelines remain on track.*
- *Meeting locations and dates for 2021-2022 set as Covid-19 restrictions lessen; return to in-person events anticipated in 2022.*

Basel, 28 June 2021 – The International Association of Insurance Supervisors (IAIS) last week concluded its mid-year Executive Committee (ExCo) meetings, the 14th annual IAIS Global Seminar and its CRO (Chief Risk Officer) Roundtable. The week's sessions allowed members and stakeholders to review progress on the IAIS work programme, set the direction for future work and share important learnings from the Covid-19 crisis.

“Thanks to excellent cooperation and collaboration across our membership and with our many stakeholders, we have continued to drive forward our work”, said Vicky Saporta, IAIS ExCo Chair. “This makes evident that the enormous effort we put into strengthening our global community and our global framework of standards over the past years has paid off, serving us well in this time of crisis.”

IAIS Global Seminar | 23 June 2021

Welcoming more than 500 attendees, the second virtual IAIS Global Seminar brought together a record number of stakeholders and IAIS members from all over the world.

During the ExCo Dialogue, the IAIS' senior leadership provided highlights from the current IAIS Roadmap and then opened the floor for a wide-ranging Q&A session. Strategic themes such as climate change, digital transformation, cyber resilience and DE&I were the key focus

of the public Q&A, highlighting the alignment of priorities for the insurance sector stakeholders and those set out in the IAIS' 2020-2024 Strategic Plan.

A panel discussion provided the opportunity to share 2020 full-year data from the Covid-19 targeted assessment as part of the IAIS' Global Monitoring Exercise (GME). The GME is part of the IAIS' risk assessment framework and is made up of data from more than 50 of the largest international insurance groups and close to 40 insurance supervisors, covering more than 90% of global gross written premiums. In line with the [GIMAR report](#), published in December 2020, which included half-year data, the full-year results indicate that despite considerable volatility in financial markets during 2020, the global insurance sector has remained both financially and operationally resilient, aided by supervisory measures providing operational relief and by significant monetary and fiscal support measures in regional financial markets.

Panellists shared insights from a recently [published note](#)¹ examining the challenges and opportunities faced by insurance supervisors as they adapt to the “new normal” during Covid-19. The note suggests that supervisors may need to re-evaluate the lines between on- and offsite supervisory activities and adopt a more nimble hybrid approach to ensure effective oversight in an increasingly digitalised world.

Jonathan Dixon, IAIS Secretary General, commented: “The impact of the pandemic has further emphasised the importance of an effective supervisory response to these accelerating trends. We will reinforce our existing programme of support, together with key implementation partners, to help our members understand and prepare for the considerable shifts in the supervisory landscape and the rapidly changing environment.”

A replay of the IAIS Global Seminar can be found [here](#).

CRO Roundtable | 24 June 2021

The CRO Roundtable provided an opportunity for ExCo members to engage with a representative cross-section of CROs from Internationally Active Insurance Groups (IAIGs) and exchange views on the supervisory and policy responses to Covid-19, the impact of a low-for-long interest rate environment, increased credit risk, cyber risk and climate change. The discussion will feed into the GME and planning for the 2022-2023 IAIS Roadmap.

Executive Committee Meetings | 21-22 June 2021

Application Papers adopted

In support of the implementation of effective supervisory practices, the IAIS' ExCo adopted two Application Papers:

[*Application Paper on Supervision of Control Functions*](#)

¹ IAIS-Financial Stability Institute (FSI) [Note on redefining insurance supervision for the new normal](#)

Effective control functions, with the necessary independence, stature and resources, help insurers identify and manage risks and are a crucial element of insurers' corporate governance. The "Application Paper on Supervision of Control Functions" shares practices to assist supervisors in addressing issues related to the supervision of control functions as described in the [Insurance Core Principles \(ICPs\) and the Common Framework for the Supervision of Internationally Active Insurance Groups \(ComFrame\)](#). The Paper covers topics such as independence and stature of control functions, the combination of control functions, and outsourcing of control functions.

[Application Paper on Resolution Powers and Planning](#)

Recovery and resolution frameworks help reduce the likelihood of a disorderly failure of insurers, as well as the potential adverse impacts on policyholders and/or financial stability of such a failure. The "Application Paper on Resolution Powers and Planning" provides guidance for supervisors and resolution authorities in implementing a resolution framework, including setting up powers, as well as planning and issues around coordination and cooperation. The Paper is part of a broader project to help insurance supervisors apply the new standards on recovery and resolution as agreed in ComFrame and the [Holistic Framework](#)² for the assessment and mitigation of systemic risk in the insurance sector. An earlier Paper on [recovery planning](#) was published in 2019. The next Paper will focus on the role of policyholder protection schemes in resolution and is scheduled to be issued for consultation in 2022.

In addition to the two Application Papers, the IAIS agreed to launch two papers for public consultation, starting 23 June: a revised [Application Paper on Supervisory Colleges](#) and an [Issues Paper on Insurer Culture](#).

A public session discussing all four Papers will be held on 30 June. Register [here](#).

Insurance Capital Standard (ICS) progresses

Momentum for the ICS continues with the project remaining firmly on track following a successful first year of the ICS monitoring period. At its meeting, ExCo approved the public posting of the [ICS confidential reporting package](#) for the second year of the monitoring period and reiterated its commitment to finalisation timelines.

Throughout the first year of the monitoring period, the IAIS continued its direct engagement with Volunteer Groups through virtual means, including regular check-ins. ICS discussions amongst group-wide supervisors in supervisory colleges provided valuable input and feedback to further enhance the ICS.

² The Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector (Holistic Framework) is an integrated set of supervisory policy measures, a global monitoring exercise and implementation assessment activities aimed at identifying, assessing and mitigating the potential build-up of systemic risk in the global insurance sector. It was adopted at the November 2019 IAIS Annual General Meeting of Members for implementation beginning 2020.



“Despite the pandemic, the ICS project remains firmly on track”, said Vicky Saporta. “We set out to try to capture an economic cycle with our five-year monitoring period, and I think it is fair to say that the events of 2020-2021 provided data on a stress event. We have no plans to extend the monitoring period.”

In addition, ExCo approved the publication of the 2021 Aggregation Method data collection package, which can be found [here](#). While not part of the ICS, the IAIS has agreed to collect data from interested jurisdictions to aid in developing the aggregation method by the US and other interested jurisdictions.

Meeting dates and locations set for 2021/2022

Transparent and inclusive collaboration are essential to the way in which the IAIS progresses its work. During its meeting, ExCo approved a framework that considers the benefits of in-person meetings, particularly the social capital built by groups being able to meet in-person, tempered with the recognition that meetings might still be difficult for some. This also includes a commitment in terms of the [IAIS' Environmental Policy](#) to reduce the amount of travel for in-person meetings over time. Applying this framework to the anticipated circumstances for the remainder of 2021, the ExCo decided to hold the IAIS' 2021 Annual General Meeting (AGM) and Annual Conference in virtual format during the week of 15 November 2021. The next in-person events are planned for 2022, with the Committee Meetings and Global Seminar taking place the week of 13-17 June in Dubrovnik, Croatia and the Committee meetings, AGM and Annual Conference taking place the week of 7-11 November in Santiago, Chile.

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About the IAIS

The IAIS is a global standard-setting body whose objectives are to promote effective and globally consistent supervision of the insurance industry to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to the maintenance of global financial stability. Its membership includes insurance supervisors from more than 200 jurisdictions. For more information, please visit www.iaisweb.org and follow us on LinkedIn: [IAIS – International Association of Insurance Supervisors](#).