

IAIS publishes report assessing implementation of the Holistic Framework insurance standards in ten major markets

- The report summarises the outcomes of the assessment of the implementation of standards that form part of the IAIS Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector (Holistic Framework) across ten major insurance markets.
- Robust implementation assessment is a key pillar of the Holistic Framework aimed at supporting financial stability at the global level.
- The in-depth targeted jurisdictional assessment (TJA) shows an overall consistent and strong implementation of the Holistic Framework standards, indicating enhanced macroprudential supervisory practices in the insurance sector.

Basel, Switzerland – The International Association of Insurance Supervisors (IAIS) today published its [report](#) on the targeted jurisdictional assessment (TJA) of the implementation of the Holistic Framework supervisory material. The Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector (Holistic Framework) was adopted by the IAIS in November 2019 and [endorsed in December 2022](#) by the Financial Stability Board.

The Holistic Framework recognises that systemic risk may arise not only from the distress or disorderly failure of an individual insurer, but also from insurers' collective exposures and activities at a sector-wide level. It consists of an integrated set of macroprudential supervisory policy measures, a Global Monitoring Exercise and – as a key element – implementation assessment activities.

“I am pleased to report that overall, the assessment results demonstrate strong implementation of the Holistic Framework standards, with good levels of observance across jurisdictions,” said Vicky Saporta, IAIS Executive Committee Chair. “This indicates enhanced macroprudential supervisory practices to assess and mitigate the potential build-up of systemic risks in the insurance sector”.

The TJA was carried out in 2021-2022 in 10 major insurance markets: Canada, China Hong Kong, China, France, Germany, Japan, the Netherlands, Switzerland, the United Kingdom and the United States. The exercise included a desk-based assessment and an on-site component to ensure in-depth verification of described supervisory practices. It assessed Holistic Framework standards, in particular: requirements on macroprudential supervision, liquidity risk management and disclosures, supervisory powers of intervention, crisis management and planning, including recovery and resolution frameworks.

Almost all jurisdictions received an observance level of either “Observed¹” or “Largely Observed²” for at least 70% of the standards. Overall, the number of standards that were “Partly Observed³” is less than 15% for all jurisdictions and even below 5% for three jurisdictions.

While some gaps in implementation were identified for follow-up, there is continued progress on the implementation of the Holistic Framework standards in most jurisdictions assessed. For example, in the area of recovery and resolution, the report formulates areas for follow-up for the short- and medium-term. The report also provides examples, which serve to illustrate implementation practices observed during the assessment.

“Implementation assessment activities aim to promote globally consistent and effective implementation of the IAIS supervisory material,” said Romain Paserot, Acting IAIS Secretary General. “This is critical to supporting financial stability because the potential build-up of systemic risk may be global in nature. Accordingly, the IAIS will continue monitoring implementation progress, including in other jurisdictions, to inform its and the FSB’s considerations of systemic risk in the insurance sector.”

Read the report [here](#).

About the Holistic Framework for systemic risk

The Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector (Holistic Framework) was adopted in November 2019 for implementation from the beginning of 2020. It consists of three key elements:

1. **Risk assessment through the annual Global Monitoring Exercise (GME)**, designed to detect key risks and trends and the potential build-up of systemic risk in the global insurance sector, including a collective discussion among IAIS members of the outcomes of the analysis and the appropriate supervisory response;
2. **An enhanced set of supervisory measures**, designed to increase the overall resilience of the insurance sector and help prevent insurance sector vulnerabilities and exposures from developing into systemic risk (Holistic Framework supervisory measures); and
3. **Robust assessment of the comprehensive and consistent implementation** of the Holistic Framework supervisory measures across jurisdictions.

The Holistic Framework promotes a proportionate application of an enhanced set of macroprudential supervisory policy measures and powers of intervention to Internationally Active Insurance Groups

¹ For a standard to be considered Observed it is necessary that the supervisor has and exercises, when required, the legal authority and supervisory practices to effectively perform the requirements of the Standard. Having legislation without supervisory practices to implement a Standard is insufficient to be considered observed, except for those Standards that are specifically focused on legislation itself and what it contains. For supervisory practices which may lack explicit legal authority, the assessment should be considered as observed if the practice is clearly substantiated by the supervisor and is generally accepted by stakeholders. Having the necessary resources is essential for the supervisor to implement Standards effectively.

² For a standard to be considered Largely Observed, it is necessary that only minor shortcomings exist which do not raise any concerns about the supervisor’s ability and intent to achieve full observance with the Standard within a prescribed period of time. The assessment of largely observed can be used when the jurisdiction does not meet all the criteria, but the overall effectiveness is sufficiently good and no material risks are left unaddressed.

³ For a standard to be considered Partly Observed, there are sufficient shortcomings to raise doubts about the supervisor’s ability to achieve observance.



(IAIGs) and other insurers as necessary, based on the nature, scale and complexity of the insurer's activities that may lead to increased systemic risk.

In December 2022, the Financial Stability Board (FSB), in consultation with the IAIS, endorsed the Holistic Framework as an improved framework for the assessment and mitigation of systemic risk in the insurance sector and discontinued the annual identification of global systemically important insurers (G-SIIs), based on the initial years of implementation of the HF. Going forward, the FSB will utilise assessments and progress monitoring available through the Holistic Framework to inform its considerations of systemic risk in the insurance sector.

Learn more on the [IAIS website](#).

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. Learn more at www.iaisweb.org. Follow us on LinkedIn: [IAIS – International Association of Insurance Supervisors](#).

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