

Report on the Targeted Jurisdictional Assessment of the Implementation of the Holistic Framework Supervisory Material

April 2023

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About the report

This report reflects the outcomes of the Targeted Jurisdictional Assessment (TJA) of the implementation of the Holistic Framework supervisory material. The TJA was conducted by an Assessment Team, consisting of staff members from the Autorité de Contrôle Prudentiel et de Résolution (ACPR), Bermuda Monetary Authority (BMA), Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), European Insurance and Occupational Pensions Authority (EIOPA), Swiss Financial Market Supervisory Authority (FINMA), Istituto per la Vigilanza sulle Assicurazioni (IVASS), Japan Financial Services Agency (JFSA), Monetary Authority of Singapore (MAS), US National Association of Insurance Commissioners (NAIC), US Department of Treasury's Federal Insurance Office (FIO) and US Federal Reserve Board (FRB). The IAIS Secretariat supported the Team and also contributed to the TJA. Furthermore, designated representatives of the ten TJA participating jurisdictions (see paragraph 2) also participated in the assessment.

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Executive Summary

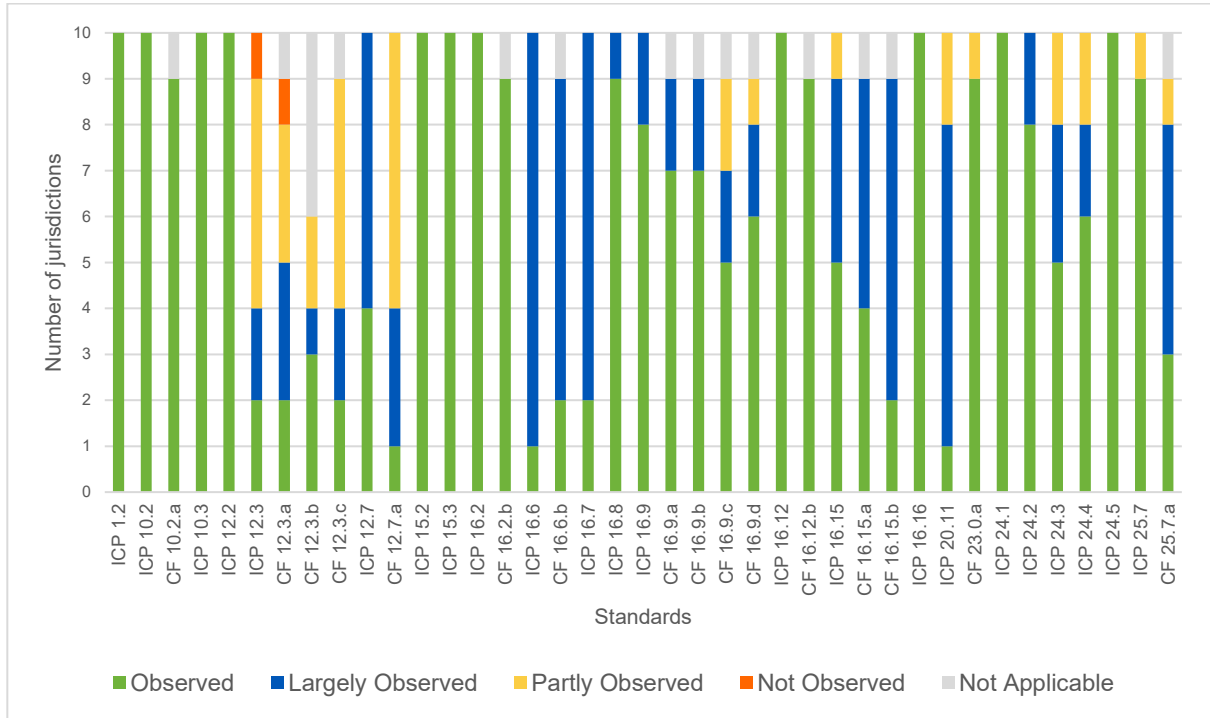
1. The Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector (HF) was adopted in November 2019 for implementation from the beginning of 2020. The HF consists of an integrated set of macroprudential supervisory policy measures, a Global Monitoring Exercise (GME) and implementation assessment activities.
2. This report summarises the outcomes of the Targeted Jurisdictional Assessment (TJA) of the implementation of the HF supervisory material for ten participating jurisdictions, namely Canada; China; China, Hong Kong; France; Germany; Japan; the Netherlands; Switzerland; the United Kingdom (UK); and the United States (US).
3. The scope of the implementation assessment covered 39 Insurance Core Principles (ICPs) and Common Framework for the Supervision of Internationally Active Insurance Groups (CF) standards specifically related to the HF, including the role of the supervisor, macroprudential supervision, requirements on insurers in relation to corporate governance and enterprise-wide risk management, supervisory powers of intervention/preventive and corrective measures, and crisis management and planning, including recovery and resolution frameworks.
4. The objective of the TJA was to determine whether the supervisor has and exercises the legal authority and supervisory practices to effectively perform the requirements of the relevant HF supervisory material in each participating jurisdiction. This included the assessment of the effective implementation of those HF standards that should be applied “as necessary” (ie how a supervisor decides if a certain policy measure is necessary for a particular insurer, and the application of criteria on which those decisions are based), as well as the application of the proportionality principle.
5. Overall, the TJA results demonstrate strong implementation of the HF standards, with good levels of observance across many of the standards.
6. For instance, the objective of financial stability within the supervision of insurers is well embedded in the regulatory frameworks of participating jurisdictions. Similarly, the identification of Internationally Active Insurance Groups (IAIGs) is generally well conducted, with the exception of one jurisdiction, based on a robust process in line with the IAIS criteria. Macroprudential supervision of the insurance sector is also generally well established, although the assessment of the systemic importance of individual insurers could benefit from more robust processes in some cases. Data collection and analysis by supervisors to support macroprudential supervision is widely in place, even though there are differences in scope and frequency. Furthermore, the embedding of macroprudential elements into the Enterprise Risk Management (ERM) processes is also generally well observed.
7. Where there are gaps, continued progress is being made on implementation in most jurisdictions. For example, in the area of recovery and resolution, there is room for improvement in some cases – while noting that implementation progress is expected in the short-/medium-term in some jurisdictions where relevant regulations are in advanced stages of development.
8. This is a very positive outcome given the relatively short interval between the adoption of the HF in November 2019, the commencement of the TJA in March 2021 and the 31 March 2022 cut-off date for what was assessed in each jurisdiction¹. Generally, observance levels are somewhat

¹ Due to the on-going development of the regulatory framework and/or supervisory practices in each jurisdiction, a common deadline was needed to ensure consistency (“cut-off date”). Therefore, any changes after 31 March 2022 were not reflected in the assessment results for the observance levels. Nevertheless, improvements already proposed or scheduled for implementation

lower for CF standards than for the ICP standards (see also Annex 2), but this is not surprising given that the CF was also only adopted in November 2019.

9. The below Chart 1 provides the aggregate observance levels² for each HF standard.

Chart 1: Aggregate observance levels by standard

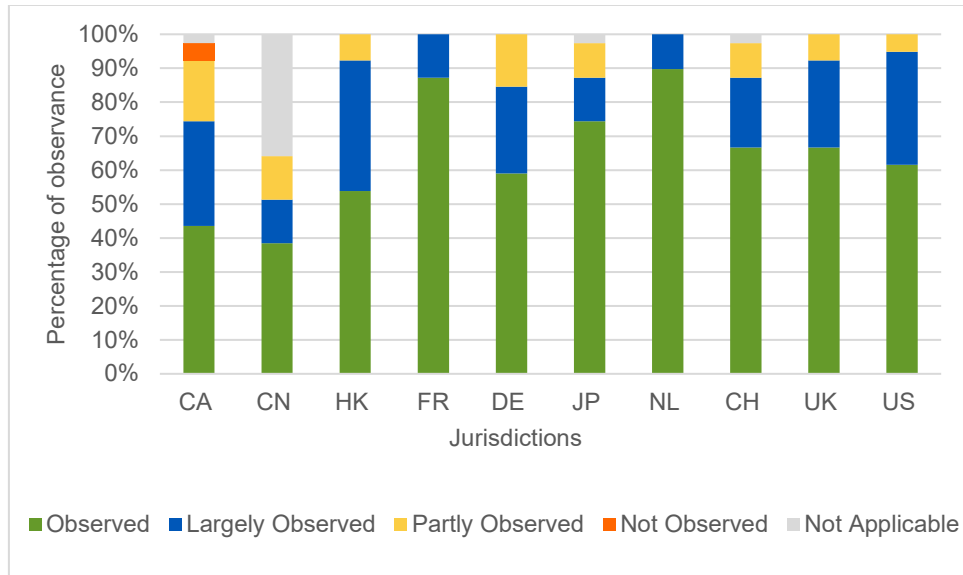


10. At jurisdictional level, this positive outcome is confirmed as demonstrated in Chart 2 below (see also Annex 1 for more details on observance levels per cycle). It shows that all jurisdictions have a rating of either Observed or Largely Observed for at least 70% of the HF standards, except for one jurisdiction where the results are impacted by a number of Not Applicable standards (36%). The latter is mainly linked to the fact that no IAIGs were identified (see Annex 3). Two jurisdictions (within the same geographical region and with former G-SIIs) are particularly advanced in the implementation of the 39 HF standards, with around 90% of the standards rated as fully Observed (ie 34 and 35 standards). A further six jurisdictions (from three regions) were assessed as having between 54% and 74% of the HF standards assessed as Observed (ie between 21 and 29 standards). The standards that were most frequently assessed as Partly Observed are in the field of resolution scenarios, resolution plans, management information systems (MIS) for resolution plans, and resolution powers (ICP 12.3, CF 12.3.a, CF 12.3.c and CF 12.7.a). For three jurisdictions, CF 12.3.a (resolution plans) had a knock-on effect on the applicability of the subsequent standard CF 12.3.b, which is only applicable if a resolution plan was considered necessary by the supervisors. Overall, the level of Partly Observed standards is below 15% for all jurisdictions and below 5% for three jurisdictions. Only two standards are Not Observed, in only one jurisdiction.

by the supervisor are noted in the assessment report to provide recognition for efforts that are important, but not yet fully implemented.

² Observed (O), Largely Observed (LO), Partly Observed (PO), Not Observed (N) and Not Applicable (NA).

Chart 2: Overall observance levels per jurisdiction



11. More specifically, the assessment indicates that:

- The objective of financial stability (**ICP 1.2**) within the supervision of insurers is well embedded in the regulatory frameworks of the participating jurisdictions. Consideration of financial stability risks both to and from the insurance sector has become a regular part of the broader financial stability agenda.
- The identification of IAIGs (**CF 23.0.a**) is generally conducted based on a robust process, in line with the IAIS criteria. Further improvements to establish a regular identification process are expected in one jurisdiction, particularly as the authority supervises large insurance groups.
- Macroprudential supervision (**ICPs 24.1-24.5**) is generally well-established in the participating jurisdictions; however, the assessment of the systemic importance of individual insurers (**ICP 24.3**) would benefit from distinct processes being set up in some jurisdictions or further process improvements in some other jurisdictions. Data collection and analysis by supervisors to support macroprudential supervision is widely in place, although there are differences in the scope and frequency of the data collected, analysed and published.
- Requirements with respect to investment allocation (**ICP 15.2**) and asset-liability matching (ALM; **ICP 15.3**) were consistently fully observed across participating jurisdictions.
- The embedding of macroprudential elements into Enterprise Risk Management processes (ERM; **ICP/CF 16**) is also generally well observed in the assessed jurisdictions. Tools are in place to monitor and assess the impact of the macroeconomic environment, including stress testing (**ICP 16.2**). For certain standards, with more prescriptive requirements, the approach to assess the observance level considered whether the precise requirement was met³ (eg for **ICP 16.6** and **CF 16.6.b**, whether an appetite statement for counterparty risk exists, or for

³ Consideration was given to whether broader supervisory practices were sufficient to adequately address the macroprudential elements of these requirements.

ICP 16.7 whether the insurer’s underwriting policy explicitly addresses macroprudential conditions). Areas where there is greater room for improvement include implementation of the more detailed liquidity risk management standards for IAIGs, in particular with respect to requirements for a contingency funding plan to respond to liquidity stress events (**CF 16.9.c**) and supervisory practices with respect to IAIGs’ reporting of the management of liquidity risk (**CF 16.9.d**).

- Relatedly, there could also be enhancements in some jurisdictions in supervisory practices with respect to addressing the sufficiency of public disclosures on insurers’ liquidity risk (**ICP 20.11**).
 - Jurisdictions have a wide range of effective preventive and corrective measures (**ICPs 10.2 and 10.3**) to address potential threats to financial stability.
 - Progress has been made with respect to implementing recovery and resolution frameworks and powers, but there remain areas for improvement:
 - The processes for determining the scope of insurers that are required to evaluate in advance their specific risks and options in possible recovery scenarios (**ICP 16.15**) is well-established in most participating jurisdictions, but recovery plans for IAIGs (**CF 16.15.a**) are at varying stages of development across jurisdictions.
 - Most jurisdictions have a broad range of relevant powers to resolve insurers (**ICP 12.7**); although, in some cases, these rely on insolvency procedures for domestic insurers or procedures for firms in general (not insurance-specific), which may not always be as effective for larger, more complex groups as they are for smaller insurers. The standard **CF 12.7.a** is more prescriptive, setting out 21 specific powers that the supervisor and/or resolution authority should be able to exercise for the resolution of an IAIG; four participating jurisdictions have all or almost all of these powers in place, with more numerous gaps in the other jurisdictions.
 - Also less well-observed in a number of participating jurisdictions is an established process whereby the supervisor and/or the resolution authority determine the scope of insurers that are required to evaluate prospectively their specific operations and risks in possible resolution scenarios and to put in place procedures for use during a resolution (**ICP 12.3**). More than half of the participating jurisdictions were rated either Partly Observed or Not Observed for this ICP standard. Similarly, the process for determining which IAIGs need a resolution plan (**CF 12.3.a**) could be further strengthened in a number of participating jurisdictions. There are currently relatively few group-wide resolution plans in place. The IAIS has identified this as an area for further follow-up and monitoring.
 - Lastly, progress has been made to address crisis management planning for IAIGs, either by establishing specific Crisis Management Groups (**CMGs; CF 25.7.a**) or otherwise via supervisory colleges, although there remains room for more consistency in implementation across jurisdictions.
12. While enhancing their supervisory practices and regulatory frameworks in implementing the HF, supervisors are simultaneously strengthening their shared understanding of the HF standards through engaging with the implementation assessment projects of the IAIS and exchanging practices with other supervisors and insurers.
13. Finally, a number of jurisdictions have already started to consider the identified implementation gaps and intend to draw-up action plans to address these and/or have ongoing projects in place to continually monitor and enhance their implementation of the HF standards. Continued implementation monitoring of the HF supervisory material is envisaged as well as the clarification of certain standards. Further supervisory guidance and capacity

building could be helpful to achieve consistent interpretation and implementation, and to ensure that gaps observed in the implementation of HF supervisory material are addressed.

14. In conclusion, the HF's implementation has improved the supervision of financial stability risks in the insurance sector overall. In this respect, the TJA was considered a valuable and helpful exercise by all involved parties. Particularly for participating jurisdictions, the TJA was a good opportunity to carry out a gap analysis of HF standard implementation and reflect on their supervisory practices. Moreover, the TJA allowed for peer comparison and enabled peer learning, fostering sharing and understanding of a range of practical implementation approaches. Finally, the TJA was a first-of-its-kind assessment, and can, as such, be considered a pilot project.
15. In December 2022, the Financial Stability Board (FSB) in consultation with the IAIS endorsed the HF 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 HF to inform its considerations of systemic risk in the insurance sector.
16. From 2023 onwards, the FSB will publish in the FSB's Annual Resolution Report and on the FSB's website a list of insurers that – according to Member authorities' assessment and self-reporting – are subject to resolution planning and resolvability assessments, consistent with the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions (KAs). Should circumstances so warrant, the FSB may, in consultation with the IAIS and national authorities, publicly express its views on whether any individual insurer is systemically important in the global context and the appropriate application of the Holistic Framework supervisory policy measures that it considers necessary to address such systemic importance.

Acronyms

ACPR	Autorité de Contrôle Prudentiel et de Résolution
ALM	Asset-liability matching
AMF	Autorité des Marchés Financiers
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht
BLA	Baseline Assessment
BMA	Bermuda Monetary Authority
BoC	Bank of Canada
BRC	Business Risk Committee
CBIRC	China Banking and Insurance Regulatory Commission
CF	ComFrame (Common Framework for the Supervision of Internationally Active Insurance Groups)
CIRC	China Insurance Regulatory Commission
CMG	Crisis Management Group
CMP	Crisis Management and Planning
DNB	De Nederlandsche Bank
EC	European Commission
EIOPA	European Insurance and Occupational Pensions Authority
ERM	Enterprise Risk Management
EU	European Union
EUWA	European Union (Withdrawal) Act 2018
ExCo	Executive Committee
FIO	US Department of Treasury's Federal Insurance Office
FINMA	Swiss Financial Market Supervisory Authority
FRB	Federal Reserve Board
FRFI	Federally Regulated Financial Institutions

FSB	Financial Stability Board
FSC	Financial Stability Committee
FSOC	Financial Stability Oversight Council
GME	Global Monitoring Exercise
G-SII	Global Systemically Important Insurer
GWS	Group-wide Supervisor
HF	Holistic Framework
HKIA	Hong Kong Insurance Authority
IAC	Implementation and Assessment Committee
IAIG	Internationally Active Insurance Group
IAIS	International Association of Insurance Supervisors
ICP	Insurance Core Principle
IPS	Insurer Profile Summary
IRRD	Insurance Recovery and Resolution Directive
ISA	Insurance Supervision Act
ITS	Implementing Technical Standards
IVASS	Istituto per la Vigilanza sulle Assicurazioni (institute for Insurance Supervision)
JFSA	Japan Financial Services Agency
KAs	FSB Key Attributes of Effective Resolution Regimes for Financial Institutions
LST	Liquidity Stress Testing
MAS	Monetary Authority of Singapore
MIS	Management Information System
ML	Model Law
MPI	Macroprudential Initiative
MPC	Macroprudential Committee

MPS	Macroprudential Supervision
MS	EU Member States
NAIC	National Association of Insurance Commissioners
ORSA	Own Risk and Solvency Assessment
OSFI	Office of the Superintendent of Financial Institutions
PCM	Preventive and Corrective Measures
PPR	Plans Préventifs de Rétablissement (Preventive Recovery Plans)
PRA	Prudential Regulation Authority (UK)
RS	Role of the Supervisor
SIFI	Systemically Important Financial Institution
SII	Solvency II
TJA	Targeted Jurisdictional Assessments
TJA MRP	Targeted Jurisdictional Assessment Member Review Panel
TWG	Thematic Working Groups
US	United States
UK	United Kingdom

1 Introduction

17. The Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector (HF) was adopted by the IAIS in November 2019, for implementation from the beginning of 2020. The HF is an integrated set of supervisory policy measures, a global monitoring exercise (GME), and implementation assessment activities aimed at assessing and mitigating the potential build-up of systemic risk in the global insurance sector. As part of the HF, the IAIS revised certain Insurance Core Principle (ICP) and ComFrame (CF) standards by enhancing or adding supervisory policy measures specifically designed to assess and mitigate potential systemic risk building up in the insurance sector. The HF promotes a proportionate application of an enhanced set of supervisory policy measures and powers of intervention for macro-prudential purposes to a broader portion of the insurance sector.
18. The IAIS has followed a phased approach to the assessment of the implementation of the HF supervisory material. Building on the baseline assessment (BLA)⁴ conducted in 2020, the IAIS undertook the Targeted Jurisdictional Assessment (TJA) in ten jurisdictions (see also section 2.1) at the level of individual supervisory authorities over the course of 2021 and 2022 to determine the extent and consistency of implementation of the HF supervisory material (see Annex 4). The objective of the TJA was to determine whether the supervisor has and exercises the legal authority⁵ and supervisory practices to effectively perform the requirements of the relevant HF supervisory material. This included the assessment of the effective implementation of those HF standards that should be applied “as necessary”⁶ (ie how a supervisor decides if a certain policy measure is necessary for a particular insurer, and the application of criteria on which those decisions are based), as well as the application of the proportionality principle.
19. The TJA was conducted by IAIS Member representatives and the Secretariat following the methodology as described in the IAIS Handbook for Assessing the Implementation of IAIS Supervisory Material. The assessment approach⁷ involved three cycles of thematic questionnaires, with subsequent off-site and on-site assessments (“the on-sites”) of the responses provided by the ten participating jurisdictions. Furthermore, clarification calls were carried out between the TJA Assessment Team and the participating jurisdictions. Next, on-sites were carried out in-person or, where this was not possible, virtually. Participating jurisdictions were invited to provide feedback on their individual reports, to ensure factual correctness of the outcomes and to include their perspective in a separate chapter of the reports. The TJA individual and aggregate reports were approved by the IAIS Executive Committee in October and November 2022. See Annex 5 for an overview of the TJA process. Finally, to conclude the project, a survey was sent to participating jurisdictions, members of the Assessment Team and the Member Review Panel to gather feedback and identify lessons learned for future IAIS assessment activities.

⁴ The BLA was conducted to determine the extent to which supervisors had already implemented the Holistic Framework supervisory material, ie it established a baseline level of implementation. Supervisors from 26 jurisdictions participated in the BLA, covering over 90% of the global insurance market and representing a geographically balanced sample. Overall, the BLA results reflected a high level of observance of supervisory materials and indicated good progress made in implementing the relevant HF standards. BLA Aggregate Report available at: <https://www.iaisweb.org/uploads/2022/01/210604-Aggregate-Report-on-the-Results-of-the-Holistic-Framework-Baseline-Assessment-Public.pdf>.

⁵ Legal authority means the supervisor has the power, based in legislation, to perform a particular activity. In the ICPs and ComFrame, the term “legislation” is used to include primary legislation (which generally requires full legislative consent), secondary legislation and legally enforceable rules set by the supervisor.

⁶ As described in Section 2 of the [HF overarching document](#), there are some standards (or a part thereof) that the supervisor is required to apply beyond Internationally Active Insurance Groups (IAIGs) to other insurers “as necessary”, based on the nature, scale and complexity of the insurer’s activities that may lead to increased systemic risk exposure, which in most jurisdictions will only be a subset of the insurance sector.

⁷ A visualisation of the process and timeline is available in Annex 5

20. In December 2022, the Financial Stability Board (FSB) in consultation with the IAIS endorsed the HF 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). This decision was based on the initial years of implementation of the HF, encompassing the results from an integrated set of macroprudential supervisory policy measures as well as the Global Monitoring Exercise (GME) and the outcomes from the implementation assessment of the HF supervisory material. Going forward, the FSB will utilise assessments and progress monitoring available through the HF to inform its considerations of systemic risk in the insurance sector.
21. For illustrative purposes, this report contains examples related to the implementation of the HF standards, as observed during the assessment. Such examples are not formal implementation guidance for IAIS supervisory material, but are included to provide further detail on how the standards are being implemented in practice in certain jurisdictions.

2 Assessment Scope, Approach, Methodology and Governance

2.1 Assessment Scope

22. The TJA covers 39 ICP and CF standards specifically related to the HF. The ICP and CF standards relevant to achieving the objectives of the HF fall under the following ICPs: ICP 1 (Objectives, Powers and Responsibilities of the Supervisor), ICP 10 (Preventive Measures, Corrective Measures and Sanctions), ICP 12 (Exit from the Market and Resolution), ICP 15 (Investments), ICP 16 (Enterprise Risk Management for Solvency Purposes), ICP 20 (Public Disclosure), ICP 23 (Group-wide Supervision), ICP 24 (Macroprudential Supervision), and ICP 25 (Supervisory Cooperation and Coordination).
23. For purposes of the implementation assessment, the relevant supervisory material was grouped into five thematic areas, and for practical reasons split into three cycles of thematic questionnaires:
- Cycle 1⁸: Role of the Supervisor (RS) (including Group-wide Supervision) and Macroprudential Supervision (MPS);
 - Cycle 2⁹: Requirements on Insurers in relation to Corporate Governance and Enterprise Risk Management (including investment policy and liquidity risk management) (ERM); and
 - Cycle 3¹⁰: Crisis Management and Planning (CMP) and Powers of Intervention/Preventive and Corrective Measures (PCM) as well as recovery and resolution.
24. The participating jurisdictions were selected on the basis of a combination of quantitative (market size and being a Group-wide Supervisor (GWS) for at least three Internationally Active Insurance Groups (IAIGs¹¹)) and qualitative criteria, reflecting the relevance of the insurance market as well as regional balance and achieving appropriate coverage for the TJA.

⁸ Cycle 1 encompasses the following standards: ICP 1.2; CF 23.0.a; ICPs 24.1; 24.2; 24.3; 24.4; 24.5.

⁹ Cycle 2 encompasses the following standards: ICPs 15.2; 15.3; ICP 16.2 and CF 16.2.b; ICP 16.6 and CF 16.6.b; ICPs 16.7; 16.8; 16.9 and CF 16.9.a./b./c./d; ICP 16.12 and CF 16.12.b; ICP 16.16; ICP 20.11.

¹⁰ Cycle 3 encompasses the following standards: ICP 10.2 and CF 10.2.a; ICP 10.3; ICPs 12.2, 12.3 and CF 12.3.a./b./c; ICP 12.7 and CF 12.7.a; ICP 16.15 and CF 16.15.a./b); ICP 25.7 and CF 25.7.a.

¹¹ List of IAIGs available on the IAIS website: <https://www.iaisweb.org/uploads/2023/02/230206-Register-of-Internationally-Active-Insurance-Groups-IAIGs.pdf>

25. According to these criteria, the following ten jurisdictions were identified in October 2020 to participate in the TJA in 2021/22: Canada (3 IAIGs); China (no IAIGs); China, Hong Kong (2 IAIGs); France (8 IAIGs); Germany (3 IAIGs); Japan (4 IAIGs); the Netherlands (2 IAIGs), Switzerland (5 IAIGs); the United Kingdom (UK) (4 IAIGs) and the United States (US) (9 IAIGs).

2.2 Assessment Approach and Methodology

26. The TJA follows the adopted methodology of the existing IAIS Member Assessment Programme (MAP). The assessment approach involved three cycles of thematic questionnaires, launched throughout Q2 2021, and succeeded by both off-site and on-site elements. The assessment phase started in June and took place throughout the second half of 2021: It started with a desk-based assessment of the responses provided by the participating jurisdictions to the questionnaires and subsequent clarification calls, as necessary. As a next step, the on-sites were carried out in-person or, where this was not possible, virtually in Q4 2021 (for the European participating jurisdictions) and in Q1 2022 (for the Asian and North American participating jurisdictions), and concluded with the drafting of the individual reports.
27. Then, a draft of the individual report was provided to each participating jurisdiction for review and comment (“feedback loop”). In this context, the authorities were given the opportunity to provide their perspective on their respective draft individual reports in a separate chapter.
28. Due to the on-going development of the regulatory framework and/or supervisory practices in each jurisdiction, a common deadline was needed to ensure consistency. Therefore, any changes in each jurisdiction after the 31 March 2022 cut-off date were not reflected in the assessment results for the observance levels. Nevertheless, improvements already proposed or scheduled for implementation by the supervisor are noted in the individual report to provide recognition for efforts that are important, but not yet fully implemented.
29. As a robust assessment of the comprehensive and consistent implementation of the HF supervisory material is key for the credibility of the HF and for achieving its objectives, particular attention was paid to the set up and governance of the TJA process (such as high level endorsement of the thematic questionnaires, the assessment team to be subject to conflict-of-interest rules, both off- and on-site assessments, cross-jurisdictional checks to ensure the consistency of the assessments per standard, planned interactions with participating jurisdictions at different stages of the assessment process).
30. A further part of the governance was a review of the ten individual reports by a TJA Member Review Panel (MRP), to ensure consistency of content and quality across all the TJA reports and to challenge, as necessary, the assessment team. The TJA MRP membership provided an independent perspective through an appropriate balance of expertise and geographical representation.
31. The final individual reports were approved by the IAIS Implementation and Assessment Committee (IAC) and adopted by the Executive Committee (ExCo) in October 2022, followed by a Members Only aggregate report in November 2022, summarising the outcomes of the assessment of the ten jurisdictions.
32. As part of the FSB review of the need to either discontinue or re-establish an annual identification of G-SIIs (see above paragraph 20), the IAIS also shared the outcomes of the TJA with the FSB. This included the key outcomes as presented in the above Executive Summary, individual observance levels of the HF standard implementation of the ten participating jurisdictions and suggested next steps in addressing identified gaps. This report aims at sharing the assessment outcomes with the general public.

3 Aggregate Assessment Results and Outcomes

33. This section provides an overview of the assessment results and observations for the TJA by cycle.

3.1 Cycle 1: Standards relating to the Role of the Supervisor and Macroprudential Supervision

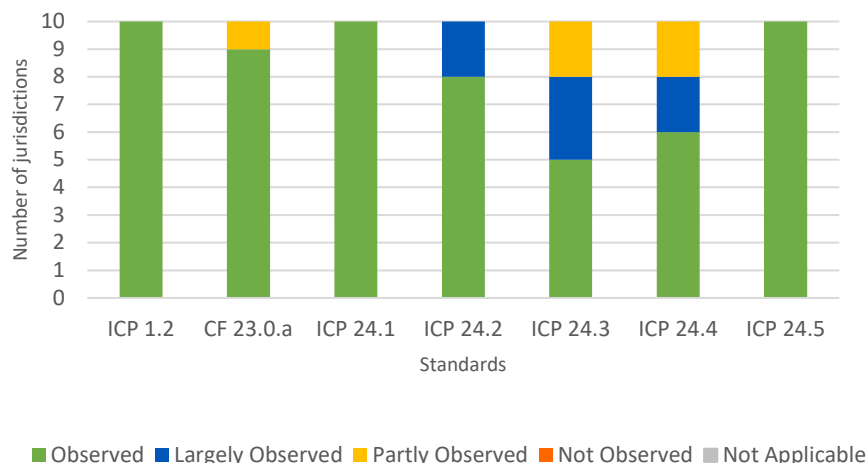
Box 1: Role of the Supervisor (including Group-wide Supervision) and Macroprudential Supervision – Cycle 1

Role of the Supervisor (RS) and Macroprudential Supervision (MPS) - Objectives, Powers and Responsibilities of the Supervisor (ICP 1), Identification of an IAIG (ICP 23), Macroprudential Surveillance and Insurance Supervision (ICP 24)

The scope of this TJA Cycle relates to:

- Financial stability as one of the objectives of insurance supervision (**ICP 1.2**);
- The group-wide supervisor’s role, in cooperation with other involved supervisors, in determining whether an insurance group or an insurance legal entity operating through branches, is an IAIG after considering whether it meets both criteria of internationally activeness and size (**CF 23.0.a**); and
- A supervisor’s actions to (1) collect, assess and disclose macroprudential information (**ICP 24.1, 24.2 and 24.5**), (2) assess the potential systemic importance of insurers and insurance sector (**ICP 24.3**), and (3) using the results of macroprudential supervision in developing and applying supervisory requirements (**ICP 24.4**).

Chart 3: Aggregate observance levels (Role of the Supervisor and Macroprudential Supervision – Cycle 1)



34. Overall, for the HF standards of Cycle 1, the percentage of observance among the ten participating jurisdictions is 83% Observed, 10% Largely Observed and 7% Partly Observed. For the six ICP standards the percentage of observance is 81.5% Observed, 11.5% Largely

Observed and 7% Partly Observed. The CF standard 23.0.a is assessed Observed by all but one jurisdiction.

35. The objective of contributing to financial stability (**ICP 1.2**) is explicitly mentioned in the legal framework of eight jurisdictions. Where it is indirectly mentioned (two jurisdictions), the financial stability objective is covered by a broader scope of social and economic order or public confidence. In one jurisdiction, where state and federal level coexist, the objective is stated at federal level and considered implicit at state level; financial stability issues can be addressed at federal level in case the state level response would not be satisfactory.
36. Robust processes for the identification of IAIGs (**CF 23.0.a**) in line with the IAIS criteria exist and are executed by all but one jurisdiction. One jurisdiction is assessed Partly Observed, as it does not yet conduct IAIG identification in line with the requirements of the standard. The jurisdiction has carried out an initial ad-hoc data collection and analyses, and an observation period of two to three years is being considered to advance the process of IAIG identification in a prudent manner. As a number of policy measures of the HF are integrated into CF standards, having a robust process for determining which insurance group is an IAIG is important, as this is a determinant of the scope of application of these standards.
37. The primary source of information used for macroprudential supervision (**ICP 24.1**) in the assessed jurisdictions is from microprudential data collection (eg quarterly returns) and analysis. This information is further complemented by cross-sectoral analysis carried out by several authorities, or by other cooperating institutions (eg central banks), which collect and provide macroprudential data on the financial sector. Assessments of the impact on the insurance sector of the Covid-19 pandemic or the low interest rate environment were provided as practical examples of macroprudential supervision involving such cooperation. With respect to the scope and frequency of macroprudential data collected, analysed and published, a broad range of different approaches was noted among participating jurisdictions.
38. For most jurisdictions, specific resources are dedicated to analysing the trends impacting the insurance sector, highlighting new emerging risks, monitoring selected themes and providing reports and risk dashboards (**ICP 24.2**). Often, this information is complemented by data provided by other authorities/institutions responsible for identifying threats to financial stability. While inward risks to the insurance sector are overall well considered in the analysis, outward risks from the insurance sector to the broader financial sector are sometimes less well integrated.
39. Regarding the assessment of the potential systemic importance of the insurance sector (**ICP 24.3**), established processes are in place for most jurisdictions, whereas the assessment of the systemic importance of individual insurers would benefit from distinct processes being set up or further process improvements in several jurisdictions.
 - The assessment of the potential systemic relevance of the insurance sector is mostly provided by the macroeconomic analysis as described above. In five jurisdictions, the process for this assessment has only recently been developed, is still being finalised or is not as comprehensive or systematic as it could be to provide an effective framework for the identification of the potential systemic relevance of the insurance sector.
 - Regarding the assessment of the potential systemic importance of individual insurers, in most jurisdictions there is a close monitoring of insurers through a set of tools that are mostly used to determine the level of intensity and granularity of supervision, either complemented by specific systemic risk factors or by other analyses to integrate a perspective on the insurer's interconnectedness with the rest of the financial system. Only one jurisdiction has an established process leading to the identification of a list of domestic systemically important insurers. In one jurisdiction, an entity-based determination of the potential systemic importance can be pursued in case potential risks and threats to financial stability cannot be adequately addressed through an activities-

based approach. For two jurisdictions, the process of identifying the systemic importance of insurers seems either not to be regularly undertaken (and can thus not be considered an established process) or is still under discussion and development, leveraging from the process in place for the banking sector.

40. Overall, the results of macroprudential supervision are broadly used and feed into the development and application of supervisory requirements (ICP 24.4). The results of macroprudential supervision may lead to specific supervisory actions taken (eg Covid-19 ad hoc data collections), or, for example, inform the microprudential supervisory programme (eg on-site inspections/thematic focus, specific reporting). However, in four jurisdictions, either the lack of an established or regularly conducted process to assess the potential systemic importance of individual insurers or less systematic processes for integrating federal-level assessments of the systemic importance into state-level supervisory practice seems to impact on the effective use of the results of macroprudential supervision.
41. While differing in scope, the ten assessed jurisdictions publish a large range of data and analysis related to the insurance sector, including on some specific themes and entities (ICP 24.5).

Box 2: Illustrative examples¹² in relation to Macroprudential Supervision and Role of the Supervisor – Cycle 1

- In the **United States**, the National Association of Insurance Commissioners (NAIC) collects a wide range of macroprudential and microprudential data, including comprehensive annual statements and actuarial filings. Furthermore, the NAIC supports macroprudential supervision by preparing semi-annual industry-wide analyses and assisting with industry research, which are made available to the states. The Financial Stability Oversight Council (FSOC) and the Federal Reserve Board (FRB) also conduct macroprudential analyses, including through the publication of annual reports. The macroprudential analysis performed by the NAIC and the related toolkit for state insurance regulators will be further enhanced with the finalisation of the Macroprudential Initiative (MPI), an on-going project that includes the establishment of a US Macroprudential Risk Dashboard.
- In **Germany**, BaFin maintains a Risk Dashboard reflecting key risks and trends in the insurance sector, following a macroprudential analysis of financial markets and the insurance sector. The Risk Dashboard is updated quarterly, and its outcomes are discussed at the Financial Stability Committee (FSC), the body mandated for macroprudential supervision in Germany. The FSC includes members from Germany’s Finance Ministry, Bundesbank and BaFin. This approach enables BaFin to assess the impact of insurance sector-specific risks on the broader German financial system and economy. Also, a cross-sectoral and multi-disciplinary Special Task Force, reporting directly to BaFin’s President and the Executive Board, captures insurers’ high-risk activities, business models or activities which may pose systemic risk, in combination with micro-prudential supervisory outcomes. If an insurer’s risk classification deteriorates significantly, enters into solvency difficulties or engages in certain high-risk activities or activities which may pose systemic risk, the Special Task Force is activated to provide additional support in order to manage the risks. All insurers under enhanced observation by the Special Task Force are included within the quarterly Risk Dashboard and are submitted to dedicated monitoring attention (“focussed supervision”) by BaFin.

¹² Please refer to paragraph 21.

- In **Canada**, since 2021, the Office of the Superintendent of Financial Institutions (OSFI) has set up a new structure, the Business Risk Committee (BRC), to integrate macroeconomic factors into its supervision of Federally Regulated Financial Institutions (FRFIs). Within the BRC framework, the supervisor can identify, monitor and analyse market and financial developments that may impact insurers and the insurance sector. This information is used to bring a macroprudential perspective into the supervision of individual insurers and therefore develop and apply specific supervisory activities. OSFI has also set up Thematic Working Groups (TWGs), which conduct more targeted macroprudential surveillance and identify top and emerging risks facing the insurance sector. This framework enables OSFI to assess the potential systemic importance of the insurance sector and to formulate supervisory measures.
- In the **Netherlands**, De Nederlandsche Bank's (DNB) Financial Stability Division is responsible for identifying systemic risks in, or to the insurance sector and issuing policy recommendations to mitigate these risks. DNB performs a regular sector-wide analysis to identify potential systemic risks using a tool called the "macroregister". On this basis, DNB supervisors are provided with sector-wide exposure benchmarks, which they can use to engage with the insurers under their supervision. If necessary, issues can be submitted to the Supervisory Board (the highest level committee of DNB for supervisory decisions) to discuss follow-up actions on specific insurers.
- In **Switzerland**, the Swiss Financial Market Supervisory Authority (FINMA) has developed a concept for identifying emerging, sector-wide and systemic risks in, and from the insurance sector. The starting point is a data collection from insurers and other sources. An analysis tool, also developed by FINMA, examines the collected data for potential building blocks of systemic risk. These potential building blocks are further challenged based on quantitative methods such as top-down and bottom-up stress tests, sensitivity analysis, and Swiss Solvency Test (SST) scenarios. The overall resulting quantifications are used together with other volume data and market indicators, for example for market imbalances, in a network analysis. This leads into insights on the potential build-up of sector-wide or even systemic risks in and from the insurance sector. Results are incorporated into FINMA's market-wide risk monitoring in order to ensure that, wherever necessary, concrete measures are taken.

3.2 Cycle 2: Standards relating to Requirements on Insurers in relation to Corporate Governance and Enterprise Risk Management

Box 3: Requirements on Insurers in relation to Corporate Governance and Enterprise Risk Management (ERM) – Cycle 2

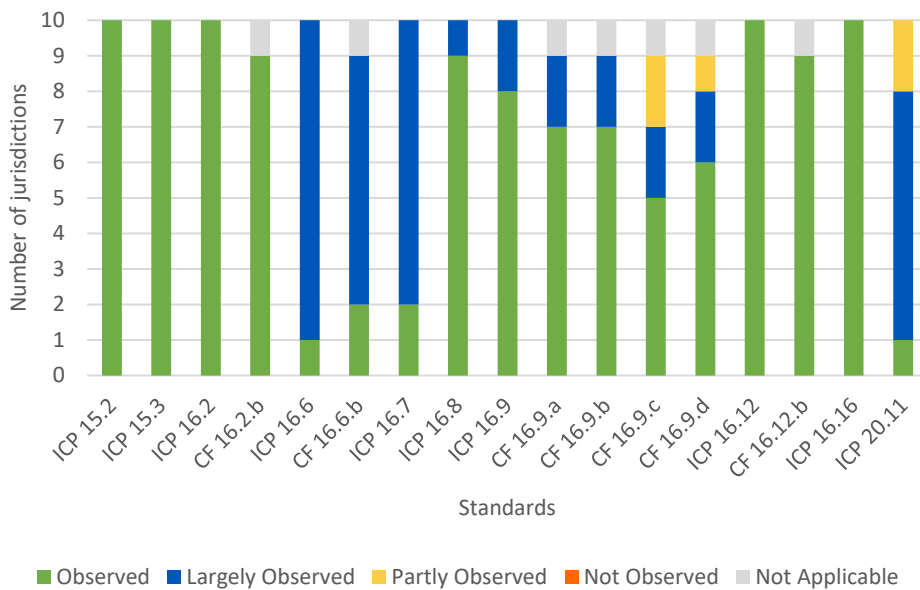
Requirements on Insurers in relation to Corporate Governance and Enterprise Risk Management (ERM) - Investments (ICP 15), Enterprise Risk Management for Solvency Purposes (ICP 16) and Public Disclosure (ICP 20)

The scope of this TJA Cycle relates to various requirements relating to corporate governance and risk management, including:

- Addressing requirements on investments and capital markets activities, aimed at mitigating/managing liquidity risk, counterparty exposures and/or macroeconomic exposures (**ICP 15.2** and **15.3**)

- Undertaking reviews and requiring strengthening of an insurer's ERM framework (**ICP 16.16**);
- Addressing liquidity risks, including ERM requirements and public disclosure requirements (**ICP 16.8, 16.9, 20.11; CF 16.9.a-d**);
- Addressing ERM requirements for counterparty exposures (**ICP 16.6, 16.12; CF 16.6.b, 16.12.b**); and
- Addressing ERM requirements for macroeconomic exposure (**ICP 16.2, 16.7, 16.12; CF 16.2.b**).

Chart 4: Aggregate observance levels (Requirements on Insurers in relation to Corporate Governance and Enterprise Risk Management – Cycle 2)



42. Overall, for the HF standards of Cycle 2, the percentage of observance among the ten participating jurisdictions is 68% Observed, 25% Largely Observed, 3% Partly Observed and 4% Not Applicable. For the ten ICP standards the percentage of observance is 71% Observed, 27% Largely Observed and 2% Partly Observed. For the seven CF standards, the percentage of observance is 64.2% Observed, 21.5% Largely Observed, 4.3% Partly Observed and 10% Not Applicable.
43. For certain standards, with more prescriptive requirements, the approach to assess the observance level considered whether the precise requirement was met (eg for **ICP 16.6** and **CF 16.6.b**, whether an appetite statement for counterparty risk exists, or for **ICP 16.7** whether the insurer’s underwriting policy explicitly addresses macroprudential conditions). Regarding contingency funding plans (**CF 16.9.c**), the assessment considered whether the required elements of a contingency funding plan are in place (such as liquidity shortfalls in stress situations, alternative sources of funding, strategies, policies and processes to manage a range of liquidity stresses, identification procedures for early warning indicators), while noting that the IAIG’s contingency funding plan may be developed as part of a recovery plan.
44. The standards relating to Investment Risk Management and ALM, in particular **ICP 15.2** and **15.3**, have good observance levels, as legislative requirements are in place in the assessed jurisdictions to require insurers and IAIGs to invest in a manner that ensures the security, quality,

liquidity and profitability of their portfolios, and jurisdictions have supervisory processes in place to review the investment portfolios and ALM processes of insurers and IAIGs. These requirements and supervisory practices were often already in place prior to the introduction of the HF and were established elements of insurance supervision in all assessed jurisdictions.

45. Similarly, the standards relating to macroeconomic stress testing and scenario analysis (**ICP 16.2** and **CF 16.2.b**), including aggregate/material counterparty exposure (**ICP 16.12** and **CF 16.12.b**), demonstrate good observance levels. It is common for jurisdictions to set out the expectation for insurers to address all material risks (including macroeconomic and counterparty risks) in the Own Risk and Solvency Assessment (ORSA), and to subject these identified material risks to a sufficiently wide range of stress tests and scenario analyses as part of the (groupwide) ORSA, enabling supervisory authorities to assess the potential of such macroeconomic and counterparty exposures to affect financial stability.
46. In practice, in all jurisdictions, insurers must have counterparty risk management policies in place (eg set counterparty exposure limits on various asset classes, industry sectors or geographical locations), but it is less common for jurisdictions to have legislative requirements in place for a specific counterparty risk appetite statement within the investment policy or to have set out a process to determine the scope of application of this requirement¹³. Therefore, nine jurisdictions are assessed Largely Observed for **ICP 16.6** and seven for **CF 16.6.b**. Jurisdictions are expected to establish formal requirements or to set clear supervisory expectations in relation to counterparty risk appetite statements for all IAIGs (**CF 16.6.b**). In one jurisdiction, while no specific regulatory requirement exists, in practice it could be demonstrated that all supervised IAIGs have established a counterparty risk appetite statement. In only one jurisdiction is this requirement explicitly set out in legislation for all insurers, including IAIGs.
47. Regarding the requirement for an insurer's underwriting policy to address the relationship between the nature of underwriting risks and macroeconomic conditions (**ICP 16.7**), all jurisdictions have demonstrated some examples in this respect. This included engagements with insurers (as part of a supervisory review) on issues relating to how the macroeconomic environment has impacted the insurers' product and underwriting strategy and policy, or on product development and pricing processes to check whether macroeconomic factors were adequately considered. However, only two jurisdictions explicitly require insurers' underwriting policies to address the relationship between the nature of underwritten risks and macroeconomic conditions. Other jurisdictions consider this aspect, but not in a systematic manner or as part of a clear supervisory expectation.
48. With regards to the requirement that an insurer's ERM framework addresses liquidity risk and contains strategies, policies and processes to maintain adequate liquidity to meet its liabilities as they fall due in normal and stressed conditions (**ICP 16.8**), almost all jurisdictions are assessed Observed and one Largely Observed, as Investment Risk Management and ALM requirements are in place (see above ICP 15.2 and ICP 15.3). With regards to liquidity risk management for insurers (**ICP 16.9**), all jurisdictions are Observed or Largely Observed. The requirement for insurers to address liquidity risk as part of the ERM framework was commonly in place prior to the introduction of the HF, including liquidity stress testing and the maintenance of unencumbered liquid assets. The scope of application of more detailed liquidity risk management processes, such as contingency funding plans or liquidity risk management reports, is mainly set by legislation/regulation, guidelines (for liquidity risk management reporting (LRMR)), specific (threshold) criteria or as a result of liquidity stress testing or supervisory review. In relation to the more detailed liquidity risk management standards for IAIGs (**CF 16.9.a, b, c and d**), areas for

¹³ ICP 16.6 states that the supervisor requires the insurer's ERM framework to include an explicit investment policy that "as necessary" includes a counterparty risk appetite statement.

improvement in two jurisdictions relate to the need to establish specific contingency funding plan requirements (CF 16.9.c) and in three jurisdictions the need to enhance the LRMR (CF 16.9.d).

49. Overall, all jurisdictions undertake regular reviews of insurers' ERM frameworks and ORSA reports, and hence there was a good observance level in relation to this standard (ICP 16.16). Jurisdictions were able to demonstrate that there are supervisory review processes in place regarding ERM and ORSA, and they have the legal authority to require strengthening of the ERM, solvency assessment and capital management processes and to take specific action if deficiencies are noted in these areas.
50. The standard relating to the disclosure of quantitative and qualitative liquidity risk information by insurers (ICP 20.11) has weaker levels of observance compared to the other standards of Cycle 2; most jurisdictions have legislative requirements for liquidity risk disclosures, but there is a lack of evidence of supervisory review processes to assess whether market participants can make a meaningful assessment of an insurer's material liquidity risk exposures. Two jurisdictions also do not have a legislative requirement for insurers to make liquidity risk disclosures as part of their overall public disclosures. Jurisdictions are encouraged to enhance their supervisory review practices in relation to this area. Only one jurisdiction has such a disclosure requirement in its legal framework, and another one promotes the appropriateness of such disclosure via a review by its national Insurance Association, which then informs the supervisory authority about its findings.

Box 4: Illustrative examples¹⁴ in relation to Requirements on Insurers in relation to Enterprise Risk Management – Cycle 2

- In **China, Hong Kong**, the Insurance Authority's (HKIA) Guideline on group supervision (GL 32) contains, amongst other measures applicable to groups, the requirement for insurers to explicitly include macroeconomic conditions as part of the underwriting policy. The implementation of this requirement was recently strengthened by the development of HKIA's Technical Expert Team (TET) Macroprudential Risk Assessment Methodology, who are in charge of conducting macroprudential analysis and risk assessment to provide insight to the supervisory divisions. Also, a group-wide supervisory manual is currently being finalised, facilitating the supervisory review to ensure the proper implementation of GL 32.
- In **Japan**, the JFSA established a specific reporting requirement for four identified IAIGs and further four relevant insurers, which covers HF provisions on the main systemic risk factors (liquidity risk, macroeconomic exposure and counterparty exposure). For example, these insurers are required to conduct stress testing aligned to their risk profile and to assess their resilience against macroeconomic stresses. In 2021 and 2022, the JFSA conducted a monitoring exercise on the status of liquidity risk management of insurers and provided feedback on the results to each of the eight insurance companies.
- In **Germany**, under sections 26 and 27 of the German Insurance Supervisory Act, BaFin requires insurers to address all material risks in their ORSA report, and to subject the identified material risks to a sufficiently wide range of stress tests to provide an adequate basis for the assessment of the overall solvency needs. Internal guidelines were established to facilitate the supervisory review of the ORSA report and supervisory actions are taken as necessary. BaFin also subjects its IAIGs to regular top-down macroeconomic stress tests which are part of broader stress testing processes of the European Insurance and Occupational Pensions Authority (EIOPA).

¹⁴ Please refer to paragraph 21.

Box 5: Illustrative examples¹⁵ in relation to Liquidity Risk Management – Cycle 2

- In **Canada**, OSFI determines the scope of insurers subject to supervisory expectations on liquidity risk management based on the results of its liquidity risk analysis. Such analysis is embedded in the risk matrix of its Supervisory Framework and also takes account of the information contained in the insurers' Board package, which is reviewed by OSFI. Targeted reviews of the liquidity risk management of Life IAIGs include the assessment of liquidity risk identification and risk appetite, liquidity measurements and limits, liquidity stress testing and contingency planning. OSFI addresses recommendations or observations to supervised Life IAIGs based on the findings from its review.
- In the **United States**, the NAIC has introduced a Liquidity Stress Test (LST) for Life insurers as part of the amendments to Regulatory Act 440 relating to requirements for Insurance Holding Company Systems. The framework defines criteria to determine which insurers are subject to the requirement (based on their exposure to products, investments and/or activities likely to generate significant exposures to liquidity risks). Three stress tests for liquidity risk are applied to the total balance sheet: an adverse scenario prescribed by the NAIC, an interest risk scenario, and a worst-case scenario determined by the insurer and reviewed by the supervisor.
- In **China**, the legal framework sets out detailed qualitative and quantitative requirements on liquidity risk management applicable to all insurers, in particular Solvency Regulatory Standards N°12 on Solvency Aligned Risk Management Requirements and Assessment (SARMRA), N°13 on Liquidity Risk Management and N°19 on Insurance Groups. The local offices of the China Banking and Insurance Regulatory Commission (CBIRC) and the CBIRC regularly conduct supervisory reviews on liquidity and its dedicated internal supervisory manual is regularly updated.
- In the **United Kingdom**, Supervisory Statement SS5/19 "Liquidity risk management for insurers" specifies requirements in relation to insurers' liquidity risk management frameworks, liquidity stress testing, liquidity risk monitoring and reporting and liquidity contingency planning. The UK's Prudential Regulatory Authority (PRA) applies the principle of proportionality in the supervision of firms, including liquidity requirements tailor-made for insurers deemed to have the largest impact on the PRA's objectives (safety, soundness, policyholder protection). This covers large insurers, including the three IAIGs for which the PRA is the GWS. Further, even more targeted analysis is performed by the PRA on a case-by-case basis as part of its on-site inspections.

Box 6: Illustrative example¹⁶ in relation to Public Disclosure – Cycle 2

- In **China**, the CBIRC requires insurers to disclose detailed information on liquidity risk (according to Solvency Regulatory Standard N°13 on Liquidity Risk). The disclosure is required to contain sufficient quantitative and qualitative information on liquidity risk, including cash flow and liquidity risk appetite. Insurers are required to report quarterly liquidity indicators to the CBIRC and to disclose their regulatory liquidity indicators on their own official website and on the website of the Insurance Association of China. The Association checks the self-assessment made by the insurer on the appropriateness of

¹⁵ Please refer to paragraph 21.

¹⁶ Please refer to paragraph 21.

the disclosure and informs the CBIRC about the findings of its review. If issues arise, the CBIRC would discuss these with the insurer and take appropriate supervisory action. Since 2020, the CBIRC has conducted off-site inspections of the public disclosure of solvency information, including liquidity, on a quarterly basis, and has provided examples of adjustments that were required to be made in relation to the disclosure of the liquidity cover ratios.

3.3 Cycle 3: Standards relating to Crisis Management and Planning and Powers of Intervention/Preventive and Corrective Measures

Box 7: Crisis Management and Planning (CMP) and Powers of Intervention/Preventive and Corrective Measures – Cycle 3

Crisis Management and Planning and Powers of Intervention/Preventive and Corrective Measures - Preventive Measures, Corrective Measures and Sanctions (ICP 10), Exit from the Market and Resolution (ICP 12), Enterprise Risk Management for Solvency Purposes (ICP 16), Supervisory Cooperation and Coordination (ICP 25)

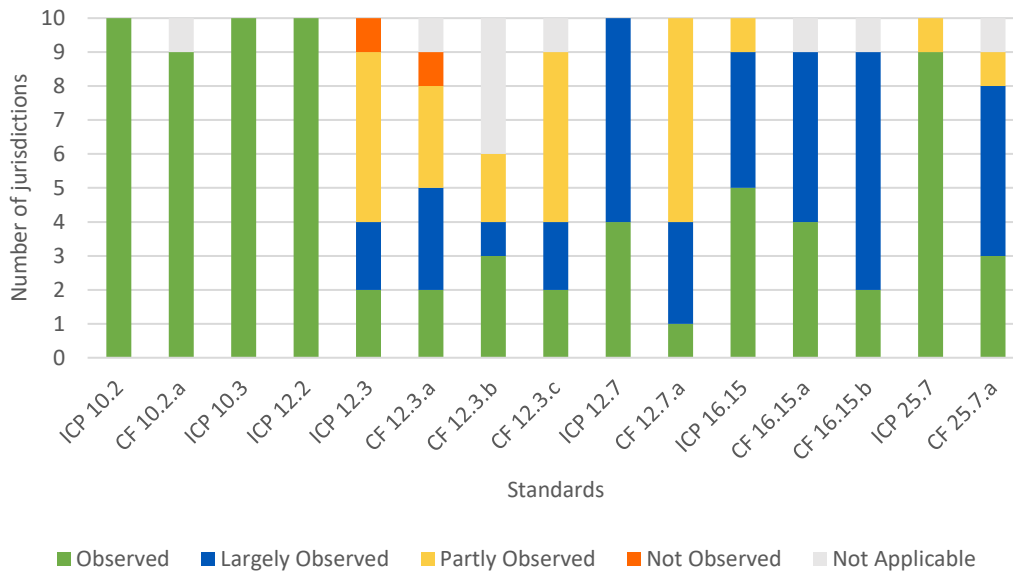
The scope of this TJA Cycle relates to preventive and corrective measures responding in the context of the Holistic Framework to a threat to financial stability taken by a supervisor when an insurer is operating in a manner inconsistent with regulatory requirements:

- The GWS requires the Head of the IAIG to take preventive measures if a legal entity within the IAIG or the IAIG as a whole seems likely to operate in a manner that is inconsistent with regulatory requirements (**ICP 10.2** and **10.3**; **CF 10.2.a**).

It also relates to the standards on:

- Crisis management preparations and coordination (**ICP 25.7**; **CF 25.7.a**);
- Recovery planning (**ICP 16.15**; **CF 16.15.a** and **16.15.b**);
- Resolution framework including resolution powers (**ICP 12.2** and **12.7**; **CF 12.7.a**);
- Resolution planning (**ICP 12.3**; **CF 12.3.a-c**).

Chart 5: Aggregate observance levels (Crisis Management and Planning and Powers of Intervention/Preventive and Corrective Measures – Cycle 3)



51. Overall, for the HF standards of Cycle 3, the percentage of observance among the ten participating jurisdictions is 51% Observed, 25% Largely Observed, 16% Partly Observed, 1% Not Observed and 7% Not Applicable. For the seven ICP standards of Cycle 3, the percentage of observance is 71.5% Observed, 17% Largely Observed, 10% Partly Observed, and 1.5 % Not Observed. For the eight CF standards, the percentage of observance is 32.5% Observed, 32.5% Largely Observed, 21.5% Partly Observed, 1.3% Not Observed, and 11.3% Not Applicable. Observance levels for Cycle 3 standards in the ten jurisdictions assessed are comparatively lower than for Cycles 1 and 2. This is not surprising given that numerous CF standards included in Cycle 3 require regulatory reforms and legislative proposals for implementation.
52. For those standards where supervisory requirements are applicable to insurers or IAIGs “as necessary” (ie based on a scope determined in regulation/guidelines or supervisory judgement)¹⁷, the assessment included whether formal processes to determine the scope of insurers subject to the requirement could be demonstrated. The assessment of certain other standards (eg Management Information System (MIS) for recovery and resolution, **CF 16.15.b** and **CF 12.3.c**) required the assessed jurisdictions to demonstrate the execution of a supervisory review.
53. With specific reference to preventive and corrective measures, all jurisdictions have a broad range of legal powers in place to take preventive (**ICP 10.2** and **CF 10.2.a**) and corrective measures (**ICP 10.3**) in the supervision of insurers and IAIGs.
54. Almost all jurisdictions require insurers to evaluate in advance their specific risks and options in possible recovery scenarios (**ICP 16.15**). The scope of insurers to which the requirement applies (“as necessary” standard) is either determined by regulation/guidelines and/or specific (asset) thresholds, or are opted-in by supervisory judgement. When it comes to the requirement for all IAIGs to develop and maintain up-to-date recovery plans, as well as to take actions for recovery if the IAIG comes under severe stress (**CF 16.15.a**), all jurisdictions where the supervisory authority is the GWS for IAIGs are assessed as Observed or Largely Observed. Jurisdictions either have formal requirements in place or set out clear supervisory expectations for IAIGs and could demonstrate robust supervisory practices. In some instances, supervisory review processes are only currently being established. Observance

¹⁷ This includes ICP 12.3, CF 12.3.a, and ICP 16.15.

- levels in relation to **CF 16.15.b** (requirement that the Head of the IAIG should have and maintain group-wide MIS that are able to produce information relevant to the recovery plan on a timely basis) are slightly lower, but at least Largely Observed, mainly due to developing practices for the supervisory review of the MIS for recovery purposes.
55. The prospective evaluation of insurers' operations and risks in possible resolution scenarios is covered by **ICP 12.3** and the establishment of resolution plans, resolvability assessments and resolution strategies for IAIGs, as well as the maintenance of a MIS for the timely production of resolution information by IAIGs, are covered by **CF 12.3.a, b, and c**. The requirements of these standards are only fully met by two jurisdictions, which have comprehensive resolution frameworks in place. In both jurisdictions, insurers meeting certain criteria established in law are required to provide the authorities with information for the elaboration by the authorities of resolution plans. Some of these plans have undergone multiple iterations, as well as supervisory reviews of the MIS for resolution purposes. Furthermore, three jurisdictions have a regulatory requirement for resolution plans (**CF 12.3.a**); one jurisdiction has such a requirement for financial conglomerates only. Three jurisdictions have general powers only. However, most participating jurisdictions either do not have an established process for determining the range of insurers in scope of the requirement for a prospective evaluation of their specific operations and risks in possible resolution scenarios or do not have an established process for determining which IAIGs need a resolution plan – or else have only recently established processes for identifying insurers/IAIGs for which such prospective evaluations or resolution plans will be required.
56. While the legal frameworks of all the participating jurisdictions include provisions regarding the protection of policyholders and the absorption of losses in a manner that respects the liquidation claims hierarchy (**ICP 12.2**), the landscape is more varied in respect of resolution powers (**ICP 12.7** and **CF 12.7.a**). While all assessed jurisdictions have powers to, for example, block the transfer of assets by the insurers, take control of the insurer, put the insurer fully or partially in run-off or transfer all or part of the insurer's portfolio of policies to a solvent insurer, other powers are less common, such as the power to transfer the insurer's shares, transfer reinsurance associated with transferred insurance policies, establish a bridge institution or exercise stay rights on reinsurance or derivatives contracts. Some of the powers that are missing are likely to be of more critical importance in the resolution of large and/or complex insurers. Resolution powers for insurers (**ICP 12.7**) - other than IAIGs - are anchored in legislation, including in some cases involvement of the Attorney General or the Court, either as broad legal authority or set out as explicit powers, or sometimes under commercial insolvency laws of the jurisdictions. The approach to assess the requirements of the CF standard on resolution powers (**CF 12.7.a**) only allowed for an Observed rating where all listed powers were in place, and a Largely Observed rating where only one power was missing. Parts of the explicit resolution powers listed under **CF 12.7.a** for the resolution of IAIGs are missing from most jurisdictions' regulatory frameworks. In one jurisdiction only, all the listed resolution powers are provided for in legislation. In three jurisdictions, only one power is missing from the list of resolution powers for IAIGs. All other participating jurisdictions are lacking more than one of these explicit resolution powers for IAIGs. That said, most of these jurisdictions are conducting work aimed at expanding and/or strengthening their resolution powers.
57. **ICP 25.7**, which requires GWSs to coordinate crisis management preparations with other involved supervisors and relevant authorities, is generally well observed, with the exception of one jurisdiction where the GWS perspective for domestic groups needs to be further elaborated. Many of the IAIGs have been operating crisis management preparations and coordination under supervisory colleges (**CF 25.7.a**). Stand-alone CMGs are in place for only a few IAIGs to date. That said, jurisdictions have been engaged in shifting from discussing these issues in supervisory colleges to establishing CMGs and making them operational, by

putting relevant agreements in place (eg a formal cooperation agreement and work programme). Progress has also been made with respect to addressing cross-border resolution planning matters. For example, in one jurisdiction, stand-alone CMGs have only recently been set up, and are currently in the process of becoming operational to facilitate the recovery and resolution preparedness of IAIGs. Similar progress is also being made in other jurisdictions, where a CMG for one IAIG in each jurisdiction is already in place.

Box 8: Illustrative examples¹⁸ in relation to Recovery Planning – Cycle 3

- In **France**, a Recovery and Resolution framework (reflected in Section 47-V of Act 2016-1691 (so-called “Sapin 2” French Law) of 9 December 2016 and in the French Ordinance No. 2017-1608 of 27 November 2017) was introduced. According to legal requirements, in particular Articles L. 311-5 and L. 311-8 of the Insurance Code, insurers have to write a preventive recovery plan (PPR) when they have exceeded, at least once in the previous three years, a threshold of total assets of EUR 50 billion (set by decree of the Minister of the Economy), and/or if they meet a critical function criterion or are captured by supervisory judgement. Those insurers are included in the pre-emptive regime in the context of French market specificities, even though it does not necessarily mean that they are systemic at international level.
- In **Switzerland**, the recently amended Insurance Supervision Act (ISA) will strengthen FINMA’s recovery planning powers, giving it powers to require such plans from “insurers of economic importance” (ie if the insurer’s balance sheet is above CHF 5 billion or if its complexity, interdependencies or risk profile so warrant). FINMA has been asking IAIGs to develop recovery plans on a voluntary basis. Reviews of recovery plans and feedback to IAIGs are at varying stages of development: The three largest IAIGs have had recovery plans in place for several years, while for the remaining two IAIGs the development of recovery plans and their review are at early stages. The development of recovery plans will become mandatory for insurance groups and conglomerates, respectively. This will cover the five identified IAIGs for which FINMA is the GWS.
- In the **United Kingdom**, the PRA, based on its supervisory authority, has requested all IAIGs, for which it is the GWS, to produce a forward-looking recovery plan that identifies, in advance options to restore the IAIG’s financial position and viability. The PRA undertakes regular supervisory reviews of the recovery plans.

Box 9: Illustrative examples¹⁹ in relation to Resolution Powers and Resolution Planning – Cycle 3

- In the **Netherlands**, the Dutch Insurers Recovery and Resolution Act provides a resolution framework for insurers. This framework gives DNB the powers to draft resolution plans for insurers and insurance groups. The determination of which insurers and insurance groups are eligible for resolution planning includes the application of the so-called “public interest test”. Through this test, DNB analyses whether a specific insurer’s bankruptcy would have an unduly negative impact on the financial markets, the economy or society, in order to determine whether resolution or bankruptcy should be prioritised.

¹⁸ Please refer to paragraph 21.

¹⁹ Please refer to paragraph 21.

- In **France**, insurers included in the scope of the requirements to have PPRs in place are also subject to a resolution plan, drafted by ACPR. ACPR's Resolution Board may identify obstacles and impediments to the smooth implementation of the resolution strategy, as per Article L. 311-12 of the Insurance Code. In such circumstances, the insurer shall propose measures to the Resolution Board to reduce or limit the obstacles identified. Article L. 311-8 of the Insurance Code sets out broad requirements with respect to the content of Resolution Plans, and a decree from the Ministry of Finance provides additional details on these requirements.

Box 10: Illustrative examples²⁰ in relation to Supervisory Cooperation and Coordination – Cycle 3

- In **Japan**, the JFSA has developed specific guidelines for organising the coordination activities carried out by the CMGs of IAIGs, which are held in conjunction with supervisory colleges through a specific agreement among members of the CMG. In practice, JFSA has established CMGs for all of the IAIGs for which it is the GWS, with the objective of enhancing preparedness for, and facilitating the recovery and resolution of, the IAIG. Recovery and resolution issues are part of the agendas and discussions of CMGs.
- In **China, Hong Kong**, the HKIA has established guidelines to organise the coordination arrangements with relevant supervisors to facilitate information sharing and coordinate the management of a potential cross-border crisis, to minimise disruptions to the insurance sector across jurisdictions. The coordination of activities carried out by the CMG is organised through an agreement between its members, which describes responsibilities. When an IAIG has a CMG in place, the HKIA reviews the written agreement to ensure its consistency with the guidance set out in the IAIS Application Paper on Supervisory Colleges of 2021²¹.

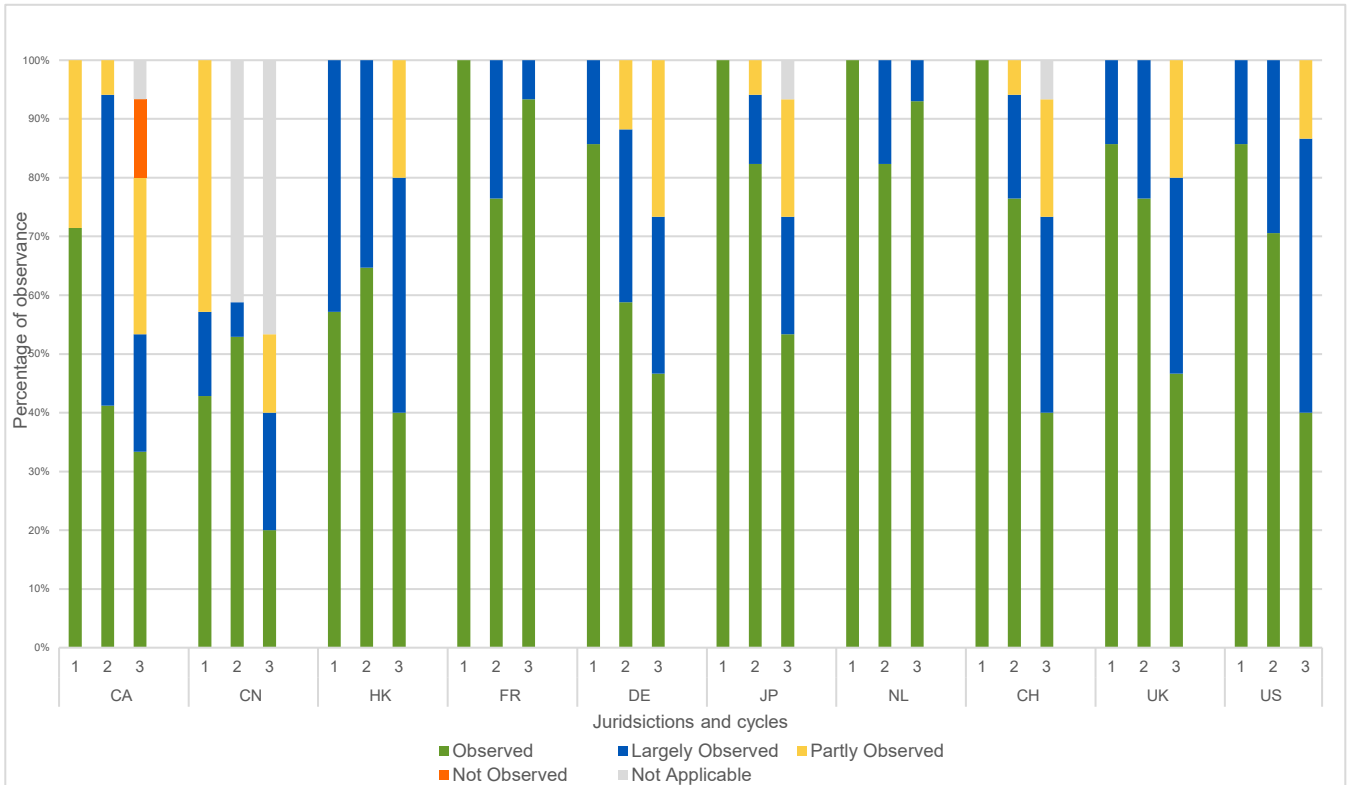
²⁰ Please refer to paragraph 21.

²¹ The IAIS Application Paper on Supervisory Colleges is available on the IAIS website: <https://www.iaisweb.org/uploads/2022/01/211111-Application-Paper-on-Supervisory-Colleges.pdf>

Annexes

Annex 1:

Chart 6 - Observance levels per jurisdiction and thematic cycle



Annex 2:

Chart 7 - Aggregate Observance levels (ICP standards only)

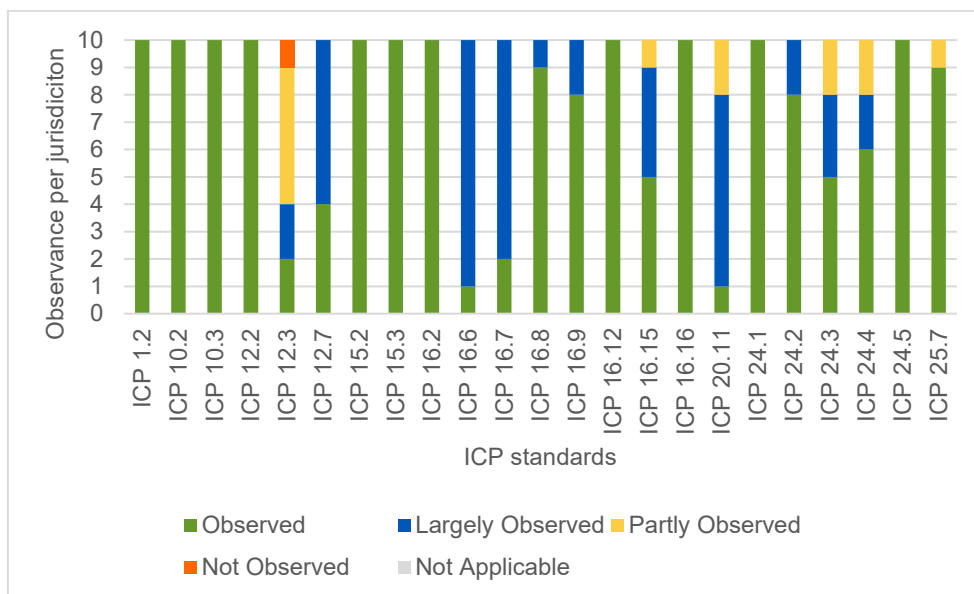
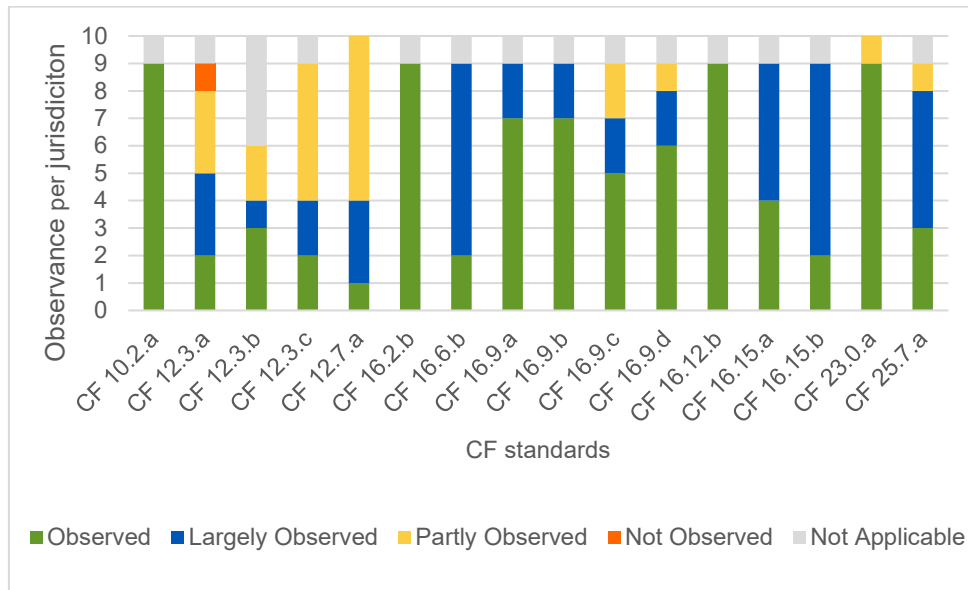


Chart 8 - Aggregate Observance levels²² (CF standards only)



Annex 3: Particularities of the TJA for individual jurisdictions

- The TJA took account of the institutional and supervisory framework of the participating jurisdictions. The main aspects considered were supervision at the federal vs. state level; European vs. Member State level and implications of the United Kingdom’s withdrawal from the European Union (EU) on its insurance regime; IAIG vs. non-IAIG jurisdictions; and the role supervisory guidelines can play in ensuring consistent supervisory practice in replacement of formal Handbooks.
- **Canada** was assessed at federal level, as the scope of OSFI is the supervision of Federally Regulated Financial Institutions (FRFIs) and the major players in the insurance market are under its supervision. However, some insurers in Canada are supervised at a provincial level (for example by the Autorité des Marchés Financiers (AMF) in Quebec). It should be noted that OSFI is not the direct supervisor of the holding company for one of the IAIGs, as it is a non-regulated entity. OSFI performs its functions independently, but it partly relies on data from the Bank of Canada (BoC) for its macroprudential supervision.
- In **China**, the CBIRC also performs its duties through interactions with 36 local offices that are responsible for supervising local insurance institutions. Although CBIRC does not supervise any IAIGs as at the cut-off date for the assessment, it has been assessed for the compliance with the CF standard related to a) the IAIG identification (CF 23.0.a), since an identification process needs to be in place, eg for a GWS of a large insurance group with certain international activities; b) the powers that the supervisor and/or resolution authority may exercise for the resolution of an IAIG (CF 12.7.a), as even if there is currently no IAIG, supervisors should have the powers to resolve an IAIG should one be identified in the future; and c) the coordination of crisis management preparedness (ICP 25.7), where responses were expected from the perspective of a GWS of an IAIG or an insurer other than an IAIG.
- For **France, Germany and the Netherlands**, Solvency II (SII) is the risk-based prudential regime applicable to (re)insurance undertakings, including groups, in the EU. SII legislation is implemented on three levels: 1) the SII Directive, which lays down the general principles, had to be transposed into the national law of all EU Member States (MS); 2) SII Delegated Regulation

²² “Not Applicable” for standards is mainly linked to the fact that no IAIGs were identified.

and Implementing Technical Standards (ITS)²³, which are directly applicable in all MS; and 3) guidelines and recommendations issued by EIOPA to establish consistent and effective supervisory practices and to ensure common and consistent application of EU law, which national supervisory authorities are required to incorporate following a “comply or explain” process. In December 2020, EIOPA provided its technical advice to the European Commission (EC) on the revision of SII (“SII 2020 Review”). Amongst other proposed changes, the mainly microprudential framework will be supplemented with a macroprudential perspective by introducing tools and measures to equip national supervisory authorities with sufficient powers to address all sources of systemic risk. Furthermore, recovery and resolution will be addressed via the development of a minimum harmonised and comprehensive recovery and resolution framework for (re)insurers in the EU. The latter informed the EC’s proposal for an Insurance Recovery and Resolution Directive (IRRD), which was adopted by the EC on 22 September 2021.

- However, **France** and the **Netherlands** have already introduced recovery and resolution regimes, through the French Recovery and Resolution framework (reflected in Section 47-V of Act 2016-1691 (“Sapin 2” French Law) of 9 December 2016 and in the French Ordinance No. 2017-1608 of 27 November 2017), and the Dutch Recovery and Resolution (Insurers) Act (adopted by the Dutch Parliament on 27 November 2018), respectively.
- In **Japan**, the Comprehensive Guidelines for Supervision of Insurance Companies (Supervisory Guidelines) play a central role in setting granular requirements and supervisory expectations. Although the JFSA does not have distinct written internal guidelines or manuals for supervisory processes and procedures (such as a Handbook), the Supervisory Guidelines contain procedural descriptions that can be used in practice by the front-line supervisors. This is also supplemented by short memos on specific topics to allow a consistent application and review of the requirements by their supervisors.
- Since 1 January 2016, (re)insurers in the **United Kingdom** (UK) operated under the SII Directive and SII Delegated Regulation. With the exit of the UK from the EU, the European Union (Withdrawal) Act 2018 (EUWA) ensured that the UK continues to have a functioning financial services regulatory regime. The EUWA repeals the European Communities Act 1972 and converts into UK domestic law the existing body of directly applicable EU law (including EU Regulations). It also preserves UK laws relating to EU membership, eg legislation implementing EU Directives. This body of law is referred to as “retained EU law”. Since then, further reviews of the financial services regulation in the UK were carried out, including a consultation paper on potential reforms to Solvency II.
- For the **United States** (US), the assessment took into account the regulatory and supervisory framework at the state and federal level. Based on the specific nature of the US market, several steps in performing the TJA were followed: first, the legal text or Model Law (ML) supporting a requirement was assessed. Then, the implementation of the requirement was assessed in general with the NAIC and, more specifically, in the three states within the TJA scope (Connecticut, which does not supervise any IAIGs, and New Jersey and New York, which both supervise IAIGs). At state level, each state’s legislature enacts insurance laws and empowers authorities within that state to implement and enforce those laws. The implementation at the state level is comprised of a core set of insurance regulatory standards, which is supported by the NAIC accreditation program and leads to a largely consistent implementation of the MLs covered by the program. In some instances, states can achieve compliance with the ML through adoption in state law or regulation.

At the federal level, the US Department of Treasury’s Federal Insurance Office (FIO) regularly coordinates with state and federal authorities on a variety of issues related to insurance regulation and is responsible for developing federal policy on prudential aspects of international insurance matters. The FIO also has the authority to recommend to the FSOC to designate an insurer as a systemically important financial institution (SIFI). Such insurers would be subject to

²³ The ITS are legislative provisions made by the EC on the basis of advice received from EIOPA.

the consolidated supervision by the FRB, according to its financial stability mandate, including the supervision of specific insurers.

The assessment results and observations reflect the state of implementation of the HF within the general framework and by these three states as well as the structures in place to manage risks at a federal level. Given that the assessment was limited to the general framework and only three states, it should not be interpreted as an assessment of the implementation of the HF standards for the U.S. as a whole. However, the states that were selected supervise large insurance markets and significant insurance groups; thus, this assessment provides insight into the implementation of the HF standards in the US

- For **China, Hong Kong and Switzerland**, no specific particularities for those jurisdictions were relevant for the TJA.

Annex 4: List of HF standards assessed²⁴

Standard	Text
ICP 1: Objectives, Powers and Responsibilities of the Supervisor	
1.2	Primary legislation clearly determines the objectives of insurance supervision and these include at least to: <ul style="list-style-type: none"> • protect policyholders; • promote the maintenance of a fair, safe and stable insurance market; and • contribute to financial stability.
ICP 10: Preventive Measures, Corrective Measures and Sanctions	
10.2	The supervisor requires preventive measures if the insurer seems likely to operate in a manner that is inconsistent with regulatory requirements.
CF 10.2.a	The group-wide supervisor requires the Head of the IAIG to take preventive measures if: <ul style="list-style-type: none"> • a legal entity within the IAIG seems likely to operate in a manner that is inconsistent with any relevant regulatory requirements, or • would have a material adverse effect on the IAIG as a whole; or • the IAIG as a whole seems likely to operate in a manner that is inconsistent with regulatory requirements.
10.3	The supervisor requires corrective measures if the insurer fails to operate in a manner that is consistent with regulatory requirements.
ICP 12: Exit from the Market and Resolution	
12.2	Legislation provides a framework for resolving insurers which: <ul style="list-style-type: none"> • protects policyholders; and • provides for the absorption of losses in a manner that respects the liquidation claims hierarchy.
12.3	The supervisor and/or the resolution authority requires, as necessary, insurers to evaluate prospectively their specific operations and risks in possible resolution scenarios and to put in place procedures for use during a resolution.
CF 12.3.a	Resolution plans are in place for IAIGs where the group-wide supervisor and/or resolution authority, in consultation with the crisis management group of the IAIG (IAIG CMG), deems necessary.
CF 12.3.b	Where a resolution plan is required, the group-wide supervisor and/or resolution authority, in coordination with the IAIG CMG: <ul style="list-style-type: none"> • requires relevant legal entities within the IAIG to submit necessary information for the development of resolution plan; • regularly undertakes resolvability assessments to evaluate the feasibility and credibility of resolution strategies, in light of the possible impact of the IAIG’s failure on policyholders and

²⁴ For certain standards, only the bolded part was relevant for the assessment in the context of financial stability and macroprudential surveillance.

Standard	Text
	<p>the financial system and real economy in the jurisdictions in which the IAIG operates;</p> <ul style="list-style-type: none"> • requires the IAIG to take prospective actions to improve its resolvability.
<p>CF 12.3.c</p>	<p>The group-wide supervisor and/or resolution authority, in coordination with the IAIG CMG, requires the Head of the IAIG to have and maintain group-wide management information systems (MIS) that are able to produce information on a timely basis, for supervisors and/or resolution authorities, for the purposes of resolution planning and actions.</p>
<p>12.7</p>	<p>Legislation provides an appropriate range of powers to resolve insurers effectively. These powers are exercised proportionately and with appropriate flexibility.</p>
<p>CF 12.7.a</p>	<p>The powers that the supervisor and/or resolution authority may exercise, subject to adequate safeguards and proportionality, for the resolution of an IAIG include, at least, the following:</p> <ul style="list-style-type: none"> • prohibit the payment of dividends to shareholders; • prohibit the payment of variable remuneration to, and allow the recovery of monies from, Members of the Boards, Senior Management, Key Persons in Control Functions and major risk taking staff, including claw-back of variable remuneration; • prohibit the transfer of the IAIG’s assets without supervisory approval; • retain, remove or replace the Members of the Boards, Senior Management and/or Key Persons in Control Functions; • take control of, and manage, the IAIG, or appoint an administrator or manager to do so; • withdraw the licence to write new business and put all or part of the insurance contracts into run-off; • sell or transfer the shares of the IAIG to a third party; • restructure, limit or write down liabilities (including insurance liabilities), and allocate losses to creditors and policyholders, where applicable and in a manner consistent with the liquidation claims hierarchy and jurisdiction’s legal framework; • override rights of shareholders of the IAIG in resolution, including requirements for approval by shareholders of particular transactions, in order to permit a merger, acquisition, sale of substantial business operations, recapitalisation, or other measures to restructure and dispose of the IAIG’s business or its liabilities and assets; • terminate, continue or transfer certain types of contracts, including insurance contracts; • transfer or sell the whole or part of the assets and liabilities of the IAIG to a solvent insurer or third party; • transfer any reinsurance associated with transferred insurance policies without the consent of the reinsurer; • temporarily restrict or suspend the policyholders’ rights of withdrawing their insurance contracts; • stay rights of the reinsurers of the ceding insurer in resolution to terminate, or not reinstate, coverage relating to periods after the commencement of resolution; • impose a temporary suspension of payments to unsecured creditors and a stay on creditor actions to attach assets or otherwise collect money or property from the IAIG; • establish a bridge institution; • take steps to provide continuity of essential services and functions including: <ul style="list-style-type: none"> o requiring other legal entities within the IAIG (including non-regulated entities) to continue to provide these essential services to the entity in resolution, any successor, or an acquiring entity; o ensuring that the residual entity in resolution can temporarily provide such services to a successor or an acquiring entity; or o procuring necessary services from unaffiliated third parties; • temporarily stay early termination rights associated with derivatives and securities financing transactions; and • initiate the liquidation of the whole or part of the IAIG.
<p>ICP 15: Investments</p>	
<p>15.2</p>	<p>The supervisor requires the insurer to invest assets so that, for its portfolio as a whole:</p> <ul style="list-style-type: none"> • assets are sufficiently secure and are held in the appropriate location for their availability; • payments to policyholders or creditors can be made as they fall due; and • assets are adequately diversified.

Standard	Text
15.3	The supervisor requires the insurer to invest in a manner that is appropriate to the nature and duration of its liabilities.
ICP 16: Enterprise Risk Management for Solvency Purposes	
16.2	The supervisor requires the insurer’s ERM framework to: <ul style="list-style-type: none"> • provide for the quantification of risk and risk interdependencies under a sufficiently wide range of techniques for risk and capital management; and • as necessary, include the performance of stress testing to assess the resilience of its total balance sheet against macroeconomic stresses.
CF 16.2.b	The group-wide supervisor requires the IAIG’s risk measurement to include: <ul style="list-style-type: none"> • stress and reverse stress testing and scenario analysis the IAIG deems relevant to its risk profile; and • the resilience of its total balance sheet against of macroeconomic stresses.
16.6	The supervisor requires the insurer’s ERM framework to include an explicit investment policy that: <ul style="list-style-type: none"> • addresses investment risk according to the insurer’s risk appetite and risk limits structure; • specifies the nature, role and extent of the insurer’s investment activities and how the insurer complies with regulatory investment requirements; • establishes explicit risk management procedures with regard to more complex and less transparent classes of asset and investments in markets or instruments that are subject to less governance or regulation; and • as necessary, includes a counterparty risk appetite statement.
CF 16.6.b	The group-wide supervisor requires the Head of the IAIG to: <ul style="list-style-type: none"> • set limits, or other requirements, in the group-wide investment policy so that assets are properly diversified and asset concentration risk is mitigated; and • have a counterparty risk appetite statement.
16.7	The supervisor requires the insurer’s ERM framework to include an underwriting policy that addresses the: <ul style="list-style-type: none"> • insurer’s underwriting risk according to the insurer’s risk appetite and risk limits structure; • nature of risks to be underwritten, including any material relationship with macroeconomic conditions; and • interaction of the underwriting strategy with the insurer’s reinsurance strategy and pricing.
16.8	The supervisor requires the insurer’s ERM framework to address liquidity risk and to contain strategies, policies and processes to maintain adequate liquidity to meet its liabilities as they fall due in normal and stressed conditions.
16.9	The supervisor requires, as necessary, the insurer to establish more detailed liquidity risk management processes, as part of its ERM framework, that include: <ul style="list-style-type: none"> • liquidity stress testing; • maintenance of a portfolio of unencumbered highly liquid assets in appropriate locations; • a contingency funding plan; and • the submission of a liquidity risk management report to the supervisor.
CF 16.9.a	The group-wide supervisor requires the Head of the IAIG to assess the IAIG’s resilience against severe but plausible liquidity stresses to determine whether current exposures are within the IAIG’s liquidity risk appetite.
CF 16.9.b	The group-wide supervisor requires the Head of the IAIG to establish and maintain an adequate level of unencumbered highly liquid assets in appropriate locations.
CF 16.9.c	The group-wide supervisor requires the Head of the IAIG to maintain a contingency funding plan to respond to liquidity stress events.

Standard	Text
CF 16.9.d	<p>The group-wide supervisor requires the Head of the IAIG to report, at least annually, on its management of liquidity risk. The report includes at least the following:</p> <ul style="list-style-type: none"> • a liquidity risk appetite statement; • established liquidity risk limits; • a discussion of the current liquidity position of the IAIG in relation to its liquidity risk appetite and limits; • a summary of strategies, policies and processes that the IAIG has in place to manage liquidity risk; • a discussion of potential vulnerabilities in the IAIG’s liabilities as well as the means of enhancing the liquidity position; and • the IAIG’s approach to, and results of, liquidity stress testing.
16.12	<p>The supervisor requires the insurer’s ORSA to:</p> <ul style="list-style-type: none"> • encompass all reasonably foreseeable and relevant material risks including, at a minimum, insurance, credit, market, concentration, operational and liquidity risks and (if applicable) group risk; and • identify the relationship between risk management and the level and quality of financial resources needed and available; and, as necessary: • assess the insurer’s resilience against severe but plausible macroeconomic stresses through scenario analysis or stress testing; and • assess aggregate counterparty exposures and analyse the effect of stress events on material counterparty exposures through scenario analysis or stress testing.
CF 16.12.b	<p>The group-wide supervisor requires the Head of the IAIG, as part of the group-wide ORSA, to:</p> <ul style="list-style-type: none"> • assess the IAIG’s resilience against severe but plausible macroeconomic stresses through scenario analysis or stress testing; and • assess aggregate counterparty exposures and analyse the effect of stress events on material counterparty exposures through scenario analysis or stress testing.
16.15	<p>The supervisor requires, as necessary, insurers to evaluate in advance their specific risks and options in possible recovery scenarios.</p>
CF 16.15.a	<p>The group-wide supervisor requires the Head of the IAIG to:</p> <ul style="list-style-type: none"> • develop a recovery plan that identifies in advance options to restore the financial position and viability; • review and update the recovery plan on a regular basis, or when there are material changes; and • take actions for recovery if the IAIG comes under severe stress.
CF 16.15.b	<p>The group-wide supervisor requires the Head of the IAIG to have and maintain group-wide management information systems that are able to produce information relevant to the recovery plan on a timely basis.</p>
16.16	<p>The supervisor undertakes reviews of the insurer’s ERM framework, including the ORSA. Where necessary, the supervisor requires strengthening of the insurer’s ERM framework, solvency assessment and capital management processes.</p>
ICP 20: Public Disclosure	
20.11	<p>The supervisor requires that disclosures about the insurer’s liquidity risk include sufficient quantitative and qualitative information to allow a meaningful assessment by market participants of the insurer’s material liquidity risk exposures.</p>
ICP 23: Group-wide Supervision	
CF 23.0.a	<p>The group-wide supervisor, in cooperation with other involved supervisors, determines whether an insurance group or an insurance legal entity operating through branches, is an IAIG after considering whether it meets both the following criteria:</p> <ul style="list-style-type: none"> • Internationally active: <ul style="list-style-type: none"> ◦ Premiums are written in three or more jurisdictions; and ◦ Gross written premiums outside of the home jurisdiction are at least 10% of the group’s total gross written premiums.

Standard	Text
	<ul style="list-style-type: none"> • Size (based on a three-year rolling average): <ul style="list-style-type: none"> o Total assets are at least USD 50 billion, or o Total gross written premiums are at least USD 10 billion.
ICP 24: Macroprudential Surveillance and Insurance Supervision	
24.1	The supervisor collects data necessary for its macroprudential surveillance and supervision
24.2	The supervisor, as part of its macroprudential surveillance framework, performs analysis of financial markets and the insurance sector that: <ul style="list-style-type: none"> • is both quantitative and qualitative; • considers historical trends as well as the current risk environment; and • considers both inward and outward risks.
24.3	The supervisor has an established process to assess the potential systemic importance of individual insurers and the insurance sector.
24.4	The supervisor uses the results of its macroprudential surveillance and supervision, and considers the potential systemic importance of insurers and the insurance sector, when developing and applying supervisory requirements.
24.5	The supervisor publishes relevant data and statistics on the insurance sector.
ICP 25: Supervisory Cooperation and Coordination	
25.7	The group-wide supervisor coordinates crisis management preparations with other involved supervisors and relevant authorities.
CF 25.7.a	The group-wide supervisor establishes a crisis management group for the IAIG with the objective of enhancing preparedness for, and facilitating the recovery and resolution of the IAIG.

Annex 5: Overview of the TJA Process

