

# Financial Report

# 2022

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As at 31 December 2022



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## About the IAIS

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions constituting 97% of the global insurance premiums. The mission of the IAIS is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability.

The IAIS is the international standard-setting body responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation. The IAIS also performs a forward-looking role in identifying key trends and developments that could reshape the business of insurance to support its members in addressing emerging risks and challenges. In addition, it provides a forum for members to share their experiences and understanding of insurance supervision and insurance markets.

The IAIS coordinates its work with other international financial policymakers and associations of supervisors. In particular, the IAIS is a member of the Financial Stability Board (FSB), member of the Standards Advisory Council of the International Accounting Standards Board (IASB) and partner in the Access to Insurance Initiative (A2ii). In recognition of its collective expertise, the IAIS also is routinely called upon by the G20 leaders and other international standard-setting bodies for input on insurance issues as well as on issues related to the regulation and supervision of the global financial sector.

For more information visit [www.iaisweb.org](http://www.iaisweb.org) and read the [IAIS Year in Review 2022](#).

# Letter from the Executive Committee Chair



Victoria (Vicky) Saporta (UK, PRA)  
Chair, IAIS Executive Committee

## Welcome to the IAIS Financial Report 2022

The year 2022 proved to be a challenging one, marked by various global disruptions that intensified the risks faced by insurers and, consequently, the challenges for insurance supervisors worldwide.

In such turbulent times, cooperation and collective action become crucial, and the work of the IAIS is more important than ever. I am pleased to say that the IAIS rose to the challenge in 2022 by actively assessing the major trends impacting the insurance sector, formulating supervisory responses to shared risks, identifying best practices and continuing progress on key reform projects.

The [IAIS Year in Review 2022](#) provides detailed elaboration on the achievements of the year; however, I will offer some brief highlights below. This Financial Report contains the financial statements of the IAIS for the 12-month period from January to December 2022, along with reports from the Chairs of the Budget Committee and Audit and Risk Committee.

In 2022, our work programme was guided by the key areas outlined in our Strategic Plan 2020-2024: risk assessment and financial stability, finalising reform projects, implementation support and assessment, and addressing emerging trends in the insurance sector.

A significant achievement was the endorsement of the Holistic Framework by the Financial Stability Board (FSB) as a more effective approach for assessing and mitigating systemic risk in the insurance sector compared to the previous annual global systemically important insurers (G-SII) identification method. The IAIS adopted the Holistic Framework in 2019 as part of a comprehensive set of reforms aimed at enhancing insurance group supervision and maintaining global financial stability. Since then, operationalising the Holistic Framework has involved comprehensive efforts, including risk assessment through the annual Global Monitoring Exercise (GME) and promoting the consistent implementation of enhanced macroprudential supervisory policy measures through supervisory guidance and targeted implementation assessments.

Another significant development in 2022 was the completion of the third year of the monitoring period for the Insurance Capital Standard (ICS). As we prepare for adoption of the standard in 2024, we were busy finalising work for the public consultation on the ICS as a Prescribed Capital Requirement, including an economic impact assessment of the ICS.

Throughout 2022, the IAIS placed particular emphasis on the comprehensive and consistent implementation of its global standards. Noteworthy efforts include the detailed Targeted Jurisdictional Assessments that assessed the implementation of supervisory material from the Holistic Framework in 10 major insurance markets and found an overall strong implementation of the Holistic Framework standards, indicating

enhanced macroprudential supervisory practices in the insurance sector. Additional implementation assessment activities involved a record number of 86 IAIS members participating in thematic peer reviews for Insurance Core Principles (ICPs) 9 (Supervisory Review and Reporting) and 10 (Preventive Measures, Corrective Measures, and Sanctions).

Our supervisory capacity building and peer exchange efforts included the establishment of a number of new IAIS forums for exchanging supervisory practices on key topics. These efforts have been greatly amplified through strong collaboration with our implementation partners, including the Access to Insurance Initiative (A2ii), Financial Stability Institute (FSI), Toronto Centre and International Actuarial Association (IAA). Their support plays a crucial role in fulfilling our mandate.

Recognising the increasingly global nature of key risks and trends impacting the insurance sector, the IAIS focused on several important areas. Firstly, climate-related risk was a priority in 2022. We made significant progress in equipping our members to focus on the accelerating transition and physical risks associated with climate change. We conducted capacity-building workshops on climate scenario analysis and integrated climate-related risks into the GME for 2022. This integration provided enhanced insights into the sector's investment exposure to climate-relevant assets. We also prepared two consultations on supervisory practices related to climate risk and continued refining our data requests to ensure a robust understanding of climate-related risks.

Digital innovation remained a priority, given its transformative impact. Our FinTech Forum conducted deep dives into topics such as artificial intelligence and machine learning, distributed ledger technology, decentralised finance, application programming interfaces and open data. The outcomes were published in a public report. Additionally, we jointly published a note with the A2ii and FSI on key trends and developments related to the deployment of supervisory technology by insurance supervisors.

Addressing cyber risk was another important area of focus for the IAIS. Work progressed on a special topic edition of the Global Insurance Market Report (GIMAR) that explores the impact of cyber risk on financial stability and how cyber insurance can mitigate or amplify these risks. Additionally, an Issues Paper on Operational Resilience in the Insurance Sector was published for consultation, focusing on supervisory considerations related to IT third-party outsourcing and cyber resilience.

The IAIS is also considering how supervisors can help improve consumer outcomes through forward-looking and outcomes-based approaches to conduct supervision. We published a report on the use of key indicators to proactively monitor conduct risks, enabling timely supervisory responses to emerging conduct trends and risks. Preparations for a members' guide on the use of key indicators to monitor conduct risks proactively continued as well.

Promoting financial inclusion and advancing inclusive insurance remained a steadfast commitment for the IAIS. The Financial Inclusion Forum expanded and our partnership with the A2ii thrived. Through a financial inclusion lens, we examined major trends and supported our members in developing sustainable and inclusive insurance markets in emerging market and developing economy (EMDE) jurisdictions.

The IAIS considers diversity, equity and inclusion (DEI) particularly relevant to supervisory objectives related to good governance, culture and conduct, but also to financial inclusion and sustainable economic development. From the supervisory perspective, we are examining the role of insurance supervisors in promoting DEI within the insurance industry and from an internal perspective, we are enhancing DEI at the IAIS as a global membership association.

Finally, considering lessons learnt from the Covid-19 pandemic, the IAIS and A2ii published a note focusing on coverage gaps for risks that are difficult to diversify. The concepts presented in this note will guide future work on the role of supervisors in addressing protection gaps more broadly. In 2023, we will initiate a new project that examines the involvement of supervisors in addressing natural catastrophe protection gaps, considering the increasing impact of these gaps on both advanced economies and EMDEs.

Despite the challenges ahead, we are, without a doubt, much stronger and more effective when we work together to tackle these global issues. With the continued support and participation of our members, the IAIS is well-positioned to deliver on our mandate to promote effective and globally consistent supervision of the insurance industry.

I would like to sincerely thank all our members and the Secretariat for their tireless efforts and ongoing support in enabling us to deliver on our Roadmap and fulfil our mission each day.

# Letter from the Audit and Risk Committee Chair



**Clement Cheung (China, Hong Kong, HKIA)**  
Chair, IAIS Audit and Risk Committee

The Audit and Risk Committee (ARC) is responsible for establishing the Association's Risk Management Framework (RMF) and internal control system to ensure that risks remain within specific tolerance limits set by the Association's Executive Committee. In addition, the ARC supports the Executive Committee by monitoring the implementation of the Association's strategies, ensuring compliance of the Association's activities with internal procedures and applicable external regulations, and reviewing the financial reporting process, including the external auditor's activities.

During the course of 2022, the ARC continued to actively evaluate the main risks faced by the Association, including overseeing the effectiveness of internal controls and risk mitigation actions adopted by the Secretariat. To this end, the ARC engaged regularly with the Secretariat to advise and challenge the Association's Executive Risk Dashboard and Management Risk Report. These reports monitor progress on the Association's agreed deliverables

and advise on the main risks to the Association and associated risk mitigation actions over the short- and medium-term.

In 2022, the ARC focused on the risks associated with adapting work arrangements to a post-pandemic setting, notably in the areas of human resources and information technology. Following the approval of an enhanced RMF at the end of 2021, the ARC also closely monitored the operationalisation of the related enhancements.

In cooperation with the Budget Committee, the ARC oversaw the Association's financial reporting process, which included reviewing the External Auditor's 2022 audit engagement plan and the Association's 2022 financial reports, as well as monitoring the external audit of the Association's 2022 accounts to ensure that they were appropriately handled and compliant with relevant procedures. There are no material issues to report on with regard to the 2022 accounts.

# Letter from the Budget Committee Chair



**Ryan Workman (USA, NAIC)**  
Chair, IAIS Budget Committee

The Budget Committee (BC) is responsible for overseeing the financial management of the IAIS, regularly monitoring the IAIS' financial position, making recommendations on annual fee and expenditure levels, recommending and reviewing the IAIS' policies on investment and reserves, and reviewing the budget and monitoring budget execution.

The audited financial statements for 2022 show a net result of CHF 445,497 compared with a net result of CHF 464,508 for 2021. The results continue to demonstrate the sustainability of the IAIS' funding model. Membership has continued to increase, leading to higher operating income. At the same time, expenses related to meeting and travel costs have been reduced relative to the period prior to Covid-19, in line with our sustainability policy.

During 2022, the BC closely monitored the 2022 budget execution, established the 2023 budget on the basis of the Strategic Plan and Financial Outlook 2020-2024 and discussed the budgets for upcoming Annual Conferences and Global Seminars.

The IAIS maintains a conservative investment policy, investing funds primarily in bank current and deposit accounts.

The IAIS greatly appreciates the ongoing support of members and their additional contributions of grants or in-kind support, such as secondments of staff to the Secretariat. These include the China Banking and Insurance Regulatory Commission, the Financial Supervisory Commission (Chinese Taipei), the Financial Services Agency (Japan), and the Financial Supervisory Service (Republic of Korea). Additionally, the IAIS is particularly grateful for the contributions and support provided during 2022 by the IAIS' host organisation, the Bank for International Settlements.

The 2022 IAIS financial statements were prepared in accordance with Swiss law. They were audited by PricewaterhouseCoopers (PwC), which issued an unqualified audit opinion.

# Financial statements

## Balance sheet

As at 31 December 2022  
(in Swiss francs)

	Note	2022	2021
<b>Assets</b>			
Cash and cash equivalents	6	11,039,691	10,138,229
Other short-term receivables	7	164,113	210,029
Prepaid expenses and accrued income		134,236	112,500
<b>Total current assets</b>		<b>11,338,040</b>	<b>10,460,758</b>
<b>Total assets</b>		<b>11,338,040</b>	<b>10,460,758</b>
<b>Liabilities and equity</b>			
Other short-term liabilities	8	69,000	-
Accrued expenses and deferred income	9	3,422,953	3,060,169
<b>Total liabilities</b>		<b>3,491,953</b>	<b>3,060,169</b>
Voluntary retained earnings		-	-
Balance brought forward		7,400,590	6,936,082
Net result for year		445,497	464,508
<b>Total equity</b>		<b>7,846,087</b>	<b>7,400,590</b>
<b>Total liabilities and equity</b>		<b>11,338,040</b>	<b>10,460,758</b>

There were no movements in equity during the year other than those included in the balance sheet.

The accompanying notes form part of these financial statements.

# Income statement

For the year ended 31 December 2022  
(in Swiss francs)

	Note	2022	2021
<b>Operating income</b>			
Membership fees	3.1	7,919,175	7,472,000
Contributions received	3.2	2,000,000	2,000,000
<b>Total operating income</b>		<b>9,919,175</b>	<b>9,472,000</b>
<b>Operating expenses</b>			
Contributions	11	123,879	(1,071)
Staff costs	12	7,942,306	8,124,250
Other operating expenses	13	1,366,008	830,358
<b>Total operating expenses</b>		<b>9,432,193</b>	<b>8,953,537</b>
<b>Operating result</b>		<b>486,982</b>	<b>518,464</b>
Financial income	14	25	-
Financial expenses	15	(41,510)	(53,956)
<b>Net result for year</b>		<b>445,497</b>	<b>464,508</b>

Other than financial income and expenses included above, there was no non-operating income or expenses, no extraordinary items or significant adjustments in respect of prior periods.

The accompanying notes form part of these financial statements.



# Cash flow statement

For the year ended 31 December 2022  
(in Swiss francs)

	Note	2022	2021
<b>Net result for year</b>		<b>445,497</b>	<b>464,508</b>
Decrease/(increase) in other short-term receivables		45,916	(92,284)
Decrease/(increase) in prepaid expenses and accrued income		(21,736)	(23,075)
Increase/(decrease) in other current liabilities		69,000	-
Increase/(decrease) in accrued expenses and deferred income		362,785	963,790
<b>Cash inflow/(outflow) from operating activities</b>		<b>901,462</b>	<b>1,312,938</b>
<b>Cash inflow/(outflow) for financing activities</b>		<b>-</b>	<b>-</b>
<b>Cash inflow/(outflow) for investing activities</b>		<b>-</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>		<b>901,462</b>	<b>1,312,938</b>
Cash and cash equivalents at beginning of year	6	10,138,229	8,825,291
Cash and cash equivalents at end of year	6	11,039,691	10,138,229
<b>Change in cash and cash equivalents</b>		<b>901,462</b>	<b>1,312,938</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

Year ended 31 December 2022

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## 1. Nature of organisation

The International Association of Insurance Supervisors (“IAIS” or “the Association”) is an Association established under Swiss Law. The Association is domiciled in Basel, Switzerland and receives fees from its Members worldwide.

The IAIS provides an independent forum for insurance supervisors to promote cooperation among its members in carrying out their responsibilities. Its mission is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders, and to contribute to global financial stability.

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## 2. Key accounting principles

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> Title of the Swiss Code of Obligations) enacted on 23 December 2011 by the Federal Assembly of the Swiss Confederation, that became effective on 1 January 2013.

### 2.2 Scope of the financial statements

These financial statements contain all assets and liabilities that are controlled by the Association and in respect of which the economic benefits as well as the rights and obligations lie predominantly with the Association.

### 2.3 Basis of preparation

The financial statements have been prepared on a going concern basis. They have been prepared on the historical cost basis, and income and expense items are recorded on the accruals basis. All amounts disclosed in the financial statements have been rounded off to the nearest unit. The principal accounting policies are set out below.

### 2.4 Functional and presentation currency

The functional and presentation currency is the Swiss franc (CHF).

### 2.5 Cash and cash equivalents

Cash and cash equivalents comprise bank current and deposit accounts which are highly liquid and readily convertible to cash.

### 2.6 Provision for bad debts

Provisions are recognised as a charge to the income statement if the Association has concern over the recovery of outstanding receivables. The policy of the Association is to write-off membership fees that remain unpaid for two consecutive years, or upon confirmation of non-recovery if earlier, in accordance with its fee policy.

### 2.7 Withholding taxes

Interest income is reported net of withholding taxes and included as part of financial income.

# Notes to the financial statements

Year ended 31 December 2022

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## 3. Benefits received

### 3.1 Membership fees

The majority funding of the Association comes from membership fees paid by its Members who represent insurance regulators and supervisors in over 140 countries. As per the Association's by-laws, the annual fees payable by each Member are determined by the General Meeting based on the recommendation of the Executive Committee. The yearly recommended fees are calculated based on a methodology approved by the Members to support the activities of the Association.

### 3.2 Contributions received

The IAIS is hosted by the Bank for International Settlements (BIS). It benefits from various forms of support provided by the BIS including the provision of meeting organisation services, administration, accounting, human resources, legal and other advisory services, office space and IT equipment, and one full-time technical administrator. The BIS also administers a staff pension scheme of which a number of IAIS staff are entitled to membership. The pension obligations lie with the BIS and the IAIS has no legal commitment for the payment of pension amounts to staff.

In 2019, the BIS and IAIS signed an agreement covering the period of 2020-2024. Under this agreement, the BIS provides an annual financial contribution to the IAIS in the fixed amount of CHF 2,000,000 per annum.

The Association also benefits from Members' secondment of staff to its Secretariat. The total amount of these benefits does not form part of these financial statements.

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## 4. Third party contributions

The use of these funds is restricted as determined by agreements with the contributors.

### FSA Japan Grant

Funds are contributed annually to support the IAIS' activities and are held in a separate CHF-denominated bank account, on which there was a balance of CHF 232,189 as of 31 December 2022 (CHF 162,596 as at 31 December 2021). These funds are held outside the IAIS financial statements. All transactions are financially independent from the IAIS and the financial records are independently audited.

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## 5. Income taxes

The Association is exempt from Swiss income tax.

# Notes to the financial statements

Year ended 31 December 2022

6. Cash and cash equivalents	2022	2021
CHF Current accounts	5,063,712	3,161,336
CHF Short-term savings accounts	5,975,979	6,976,893
	<b>11,039,691</b>	<b>10,138,229</b>

7. Other short-term receivables	2022	2021
Membership fees receivable	110,183	61,400
Other	119,930	187,529
	<b>230,113</b>	<b>248,929</b>
Less: provision for bad debts	(66,000)	(38,900)
	<b>164,113</b>	<b>210,029</b>

## Movement in provision for bad debts:

Charge to operating expenses:		
Provision made during the year	133,000	38,900
Amounts recovered in year	(38,900)	(5,000)
<b>Charge to operating expenses</b>	<b>94,100</b>	<b>33,900</b>

Movement in provision:		
Opening balance	38,900	64,300
Charge to operating expenses	94,100	33,900
Amounts written off in year	(67,000)	(59,300)
<b>Closing balance</b>	<b>66,000</b>	<b>38,900</b>

8. Other short-term liabilities	2022	2021
Contribution towards Annual Conference and General Meeting expenses (Note 10)	69,000	-
	<b>69,000</b>	-

# Notes to the financial statements

Year ended 31 December 2022

9. Accrued expenses and deferred income	2022	2021
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**Accrued expenses:**

Audit	10,000	10,000
Bank for International Settlements	1,871,329	1,285,739
Consultancy	-	34,850
Relocation	-	155,853
Seminars	17,044	22,660
Travel	9,095	7,317
Website and IT	36,735	45,000
Other	452,570	604,827

**Deferred income:**

Membership fees received in advance	1,026,180	893,923
	<b>3,422,953</b>	<b>3,060,169</b>

Amounts due to the Bank for International Settlements are in respect of staff costs and other operating expenses. All other accrued expenses relate to third parties.

10. Annual conference and general meeting	2022	2021
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Contribution towards Annual Conference and General Meeting expenses	69,000	-
	<b>69,000</b>	-

The Annual Conference fees and expenditure are the responsibility of the host. The host is also responsible for organising a General Meeting, the costs of which are borne by the IAIS. The IAIS sets aside in its annual budget a maximum amount of CHF 100,000 to cover the costs of the General Meeting and contribute towards costs related to the Annual Conference. Any net costs, after taking into account the IAIS contribution, are borne by the host.

# Notes to the financial statements

Year ended 31 December 2022

<b>11. Contributions</b>	<b>2022</b>	<b>2021</b>
Annual Conference and General Meeting (Note 10)	69,000	-
Regional seminars	(5,121)	(1,071)
Global seminar	60,000	-
	<b>123,879</b>	<b>(1,071)</b>

The IAIS contributes up to CHF 60,000 towards the costs of the Global Seminar. Hosts of the Global Seminar may charge registration fees to stakeholder participants on a cost recovery basis. The collection of fees and expenditure incurred are the responsibility of the host. Any net loss, after taking into account the IAIS contribution, is borne by the host.

<b>12. Staff costs</b>	<b>2022</b>	<b>2021</b>
Employment costs	7,823,123	7,831,073
Relocation	119,183	293,177
	<b>7,942,306</b>	<b>8,124,250</b>

The IAIS has on an annual average no more than 50 full time positions.

# Notes to the financial statements

Year ended 31 December 2022

<b>13. Other operating expenses</b>	<b>2022</b>	<b>2021</b>
Audit	9,700	9,693
Consultancy fees	171,187	205,159
Editing	25,788	19,115
FSI Connect licences	55,283	-
Information services	56,112	94,265
Insurance	163,007	129,233
Meeting expenses	98,843	24,313
Miscellaneous	13,158	4,494
Printing and documentation (incl. copies and postage)	1,314	10,070
Bad debts expense	94,100	33,900
Recruitment	-	-
Telephone and fax	-	(1,151)
Training	10,017	15,902
Travel	354,638	20,274
Website and IT	312,861	265,093
	<b>1,366,008</b>	<b>830,358</b>

The FSI Connect licenses expense occurs every two years and the benefits of the licenses lie with the recipient Members.

<b>14. Financial income</b>	<b>2022</b>	<b>2021</b>
Interest on:		
Bank accounts	25	-
	<b>25</b>	<b>-</b>

<b>15. Financial expenses</b>	<b>2022</b>	<b>2021</b>
Bank charges and custody fees	1,443	1,475
Bank interest	40,067	52,481
Foreign exchange loss/(gain)	-	-
	<b>41,510</b>	<b>53,956</b>

Bank interest represents negative interest rate charges on the Association's Swiss franc bank account balances.

# Notes to the financial statements

Year ended 31 December 2022

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## 16. Investment policy and risk management

The Budget Committee meets around four times a year and assesses the financial risks that could have an impact on the Association. The Secretariat monitors the day-to-day activities of the Association and provides regular reports to the Budget Committee.

The Association derives income primarily from membership fees. As a non-profit making organisation, it invests surplus income to fund future operations. Security of capital, represented by voluntary retained earnings, has a high priority within the investment policy, to ensure that the Association can continue as a going concern to support its activities for the foreseeable future.

As at 31 December 2022 the Association's investment in financial assets comprised banks current and deposit accounts.

### 16.1 Liquidity risk

The Association holds sufficient liquid funds to enable it to meet its liabilities as they fall due.

### 16.2 Foreign currency risk

The revenue and expenditure of the Association are predominantly received and paid in Swiss francs. To minimise the exposure of investments to foreign currency risk, investments are normally held in Swiss franc-denominated financial assets. The Association's cash and cash equivalents are also held in Swiss francs.

### 16.3 Credit Risk

The major source of funding for the Association is fees from Members. Members represent insurance regulators and supervisors from over 200 jurisdictions in more than 140 countries. Due to the nature of the Association's activities and broad membership, credit risk is considered to be low.

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## 17. Significant events after the balance sheet date

There were no significant events between the balance sheet and the approval of these financial statements by the IAIS Executive Committee on 23 June 2023 which could impact the book value of assets and liabilities or which should be disclosed in these financial statements.



# Auditor's letter

## Report of the statutory auditor to the General Meeting of International Association of Insurance Supervisors

Basel

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of International Association of Insurance Supervisors (the Association), which comprise the balance sheet as at 31 December 2022, and the income statement, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Association's articles of incorporation.

#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Association in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Executive Committee's responsibilities for the financial statements

The Executive Committee is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Association's articles of incorporation, and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher

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than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We communicate with the Executive Committee or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on other legal and regulatory requirements

In accordance with article 69b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Executive Committee.

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

PricewaterhouseCoopers AG



Ralph Maiocchi

Licensed audit expert  
Auditor in charge



Manuela Baldisweiler

Licensed audit expert

Basel, 23 June 2023

Enclosure:

- Financial statements (balance sheet, income statement, cash flow statement and notes)





**International Association of Insurance Supervisors**

c/o Bank for International Settlements

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