

IAIS Executive Committee approves Insurance Capital Standard for adoption by IAIS members and concludes Aggregation Method comparability assessment

- The IAIS Executive Committee has approved the final version of the global Insurance Capital Standard (ICS) as a prescribed capital requirement for internationally active insurance groups (IAIGs).
- The IAIS Executive Committee has also finalised the comparability assessment of the United States (US)-developed Aggregation Method (AM), concluding that a US AM provides a basis for implementation of the ICS to produce comparable outcomes. The comparability assessment also highlighted some areas where work as part of implementation of the final AM in the US will help ensure convergence.
- The ICS will be put forward for adoption by IAIS members at the Annual General Meeting on 5 December 2024.

Basel, Switzerland – The International Association of Insurance Supervisors (IAIS) Executive Committee has approved the final version of the Insurance Capital Standard (ICS) as a prescribed capital requirement for internationally active insurance groups (IAIGs), which will be recommended for adoption at the IAIS Annual General Meeting on 5 December 2024.

“Arriving at an agreement on a global Insurance Capital Standard as a prescribed capital requirement is a landmark achievement for the IAIS,” said Shigeru Ariizumi, IAIS Executive Committee Chair. “This decision reflects our unwavering commitment to enhancing global insurance supervision and ensuring the resilience of the insurance sector.”

The ICS forms the quantitative element of ComFrame, the Common Framework for the supervision of IAIGs. The qualitative elements of ComFrame, including governance and risk management, were adopted in 2019.

Two minor amendments have been made for the final ICS compared to the one used for the last data collection of the monitoring period, which was [published in June](#) this year. These amendments are for the mapping of credit risk ratings and the determination of non-insurance risk.

The IAIS Executive Committee has also completed the assessment of whether the Aggregation Method (AM), developed by the United States (US), provides comparable outcomes to the ICS.

In finalising the comparability assessment, the IAIS has concluded that a US AM provides a basis for implementation of the ICS to produce comparable outcomes. The comparability assessment of the provisional AM has highlighted some areas where work as part of implementation of the final AM will help ensure convergence, specifically treatment of interest rate risk and appropriate timing of supervisory intervention. In using the final AM as its implementation of the ICS, the US commits to addressing those areas in appropriate ways, which will be reviewed during the IAIS ICS implementation assessment process.

The IAIS has also published a [report on the AM comparability assessment](#), which outlines the approach followed for the assessment and provides more detail on the areas that were assessed as providing comparable outcomes and, in some circumstances, divergent outcomes where work as part of implementation of the final AM will help ensure convergence with the ICS. This press release should be read together with the AM comparability assessment report.

As the final AM will be the US' implementation of the ICS, the assessment of its implementation will be subject to the same timing as ICS implementation assessments in other jurisdictions (ie self-assessment in 2026 and intensive targeted jurisdictional assessments aiming to start in 2027, upon agreement of the relevant jurisdictions) and subject to a consistent methodology (including both qualitative and quantitative analysis), assessing whether the jurisdictional implementation at least meets the ICS (ie produces at least the same level of prudence as the ICS and similar triggers of supervisory intervention), whilst also focusing on the AM specificities.

The IAIS will continue to work closely with its members to ensure a smooth transition to the ICS and to provide necessary guidance and support throughout the [implementation process](#).

The agreed ICS will be presented for adoption at the upcoming IAIS Annual General Meeting on 5 December in Cape Town, South Africa. Further details on the finalisation of the ICS and the AM comparability assessment, as well as the planned implementation, will be presented at the [IAIS Annual Conference](#), 5-6 December in Cape Town.

Links:

[Report on Aggregation Method comparability assessment](#)

[FAQ on the planned adoption and implementation of the ICS and conclusion of the AM comparability assessment](#)

About the ICS

The Insurance Capital Standard (ICS) has been developed as a consolidated group-wide capital standard for internationally active insurance groups (IAIGs). It aims to provide a globally comparable risk-based measure of capital adequacy of IAIGs, creating a common language for supervisory discussions on group solvency and enhancing global convergence amongst group capital standards. Once adopted, it will form the quantitative element of the Common Framework for the Supervision of IAIGs (ComFrame). For more information on the ICS, visit this [page](#).

About the Aggregation Method comparability assessment

In November 2017, the IAIS set out an agreement on the implementation of ICS, including a unified path to convergence of group capital standards in furtherance of its ultimate goal of a single ICS that achieves comparable outcomes across jurisdictions. The agreement acknowledges the development by the US of the Aggregation Method (AM) to a group capital calculation. In November 2019, the IAIS agreed on a process to assess, by the end of the ICS monitoring period, whether the AM provides comparable outcomes to the ICS. In March 2021, following public consultation, the IAIS agreed on a definition of comparable outcomes and six high-level principles to guide the development of the comparability criteria to be used to assess whether the AM provides comparable outcomes to the ICS. In March 2023, following public consultation, the IAIS agreed on the [final criteria](#). The final criteria were designed to ensure that the AM is neither precluded at the outset as an outcome equivalent approach to the ICS for measuring group capital, nor given a free pass.

For more information on the comparability assessment visit this [page](#).

About IAIGs

Internationally active insurance groups (IAIGs) are identified using the following criteria:

- Internationally active:
 - 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.
- Size (based on a three-year rolling average):
 - Total assets are at least USD 50 billion; or
 - Total gross written premiums are at least USD 10 billion.

To date, 59 IAIGs have been identified by relevant group-wide supervisors from 18 jurisdictions. All 59 IAIGs have been publicly disclosed and a register of IAIGs can be found on the [IAIS website](#).

About the IAIS

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

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