



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

# Global Standards for Insurance Regulation

**Santiago**  
**18 April 2017**

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**Secretary General**

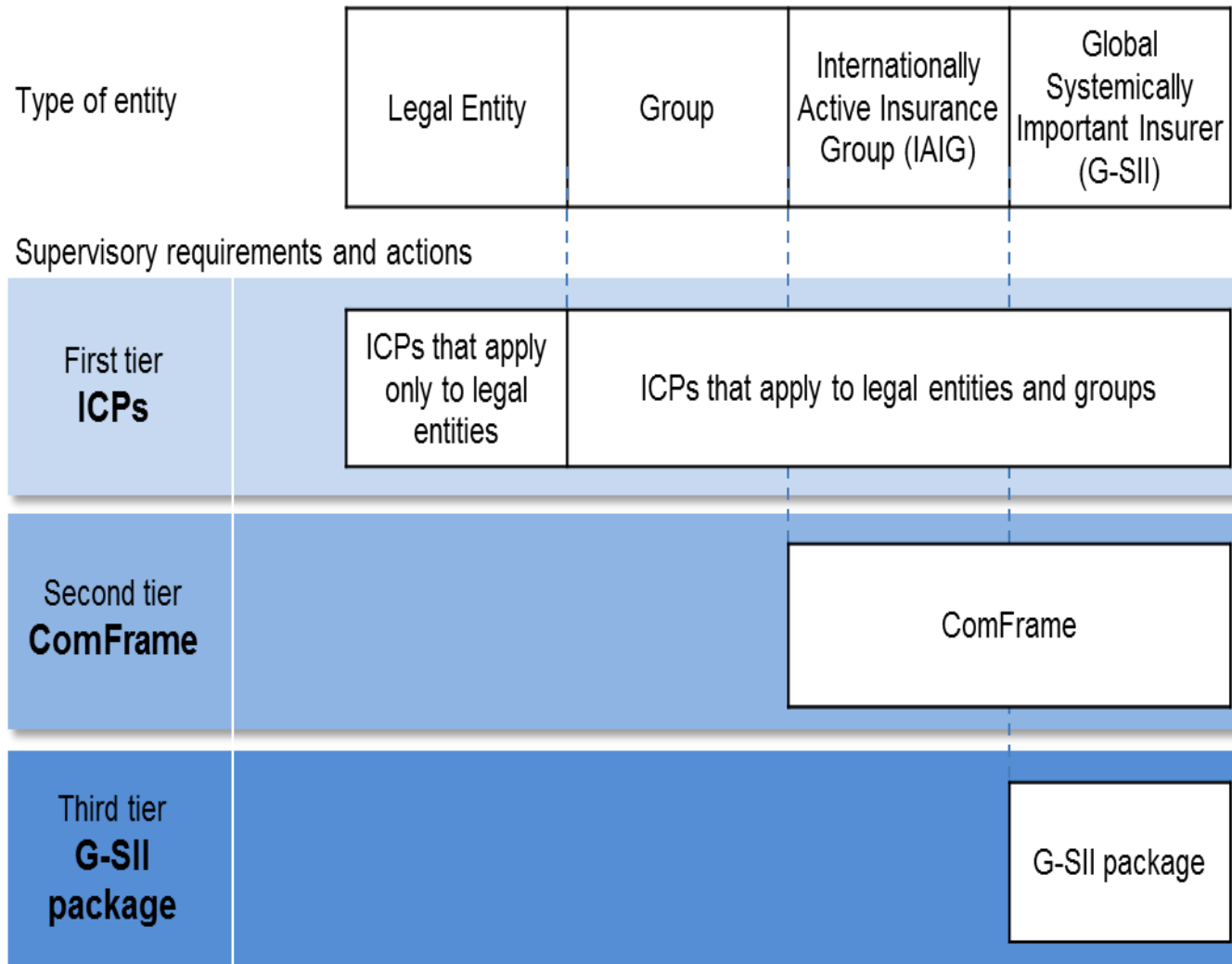


# Contents

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- Overview of IAIS standard setting architecture
- Insurance Core Principles (ICPs)
- ComFrame
- Insurance Capital Standard (ICS) and solvency issues
- Final remarks

# Architecture of IAIS international supervisory requirements



# Insurance Core Principles (ICPs)

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Theme	Related ICPs
Internal – Supervisor	ICP 1 Objectives, Powers and Responsibilities ICP 2 Supervisor
Actions - Entry - Ongoing - Wind-up	ICP 4 Licensing ICP 9 Supervisory Review and Reporting ICP 10 Preventive and Corrective Measures ICP 11 Enforcement ICP 12 Winding-up and Exit from the Market ICP 23 The group-wide supervisor
Insurer governance	ICP 5 Suitability of Persons ICP 6 Changes in Control and Portfolio Transfers ICP 7 Corporate Governance ICP 8 Risk Management and Internal Controls

# Insurance Core Principles (ICPs)

Theme	Related ICPs
Insurer prudential	ICP 13 Reinsurance and Other Forms of Risk Transfer ICP 14 Valuation ICP 15 Investment ICP 16 Enterprise Risk Management for Solvency Purposes ICP 17 Capital Adequacy
Insurer market conduct	ICP 18 Intermediaries ICP 19 Conduct of Business ICP 20 Public Disclosure
Macroprudential	ICP 24 Macroprudential Surveillance
External	ICP 21 Countering Fraud in Insurance ICP 22 Anti-Money Laundering and Combating the Financing of Terrorism
Other Supervisors	ICP 3 Information Exchange and Confidentiality Requirements ICP 25 Supervisory Cooperation and Coordination ICP 26 Cross-border Cooperation and Coordination on Crisis Management

# Consultation combining ComFrame and ICPs

Theme	ComFrame	ICP	G-SII Policy Measures
Supervisory Measures	Module 3 Element 1	ICPs 9,10 and 11	Enhanced Supervision
ERM	Module 2 Elements 3 and 4	ICP 15, 16	SMRP, LRMP
Valuation	ICS	ICP 14	HLA (on ICS)
Capital	ICS	ICP 17	HLA (on ICS)
Cooperation and Coordination	Module 3 Element 2	ICPs 3 and 25	CMG?
Resolution	Module 3 Element 3	ICPs 12 and 26	Key attributes
Legal and Management Structures	Module 2 Element 1	None	None

# March to June 2017 public consultation on ICPs & ComFrame

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## **Key components:**

- Governance
  - *Suitability of Persons*
  - *Corporate Governance*
  - *Risk management and Internal Controls*
- The Supervisor and Supervisory Measures
  - *Supervisory review and Reporting*
  - *Preventive Measures, Corrective Measures and Sanctions*
- Supervisory Cooperation and Coordination
  - *Information Sharing and Confidentiality Requirements*
  - *Supervisory Cooperation and Coordination*
- Recovery and resolution

# ICS Ratio (a capital adequacy measure)

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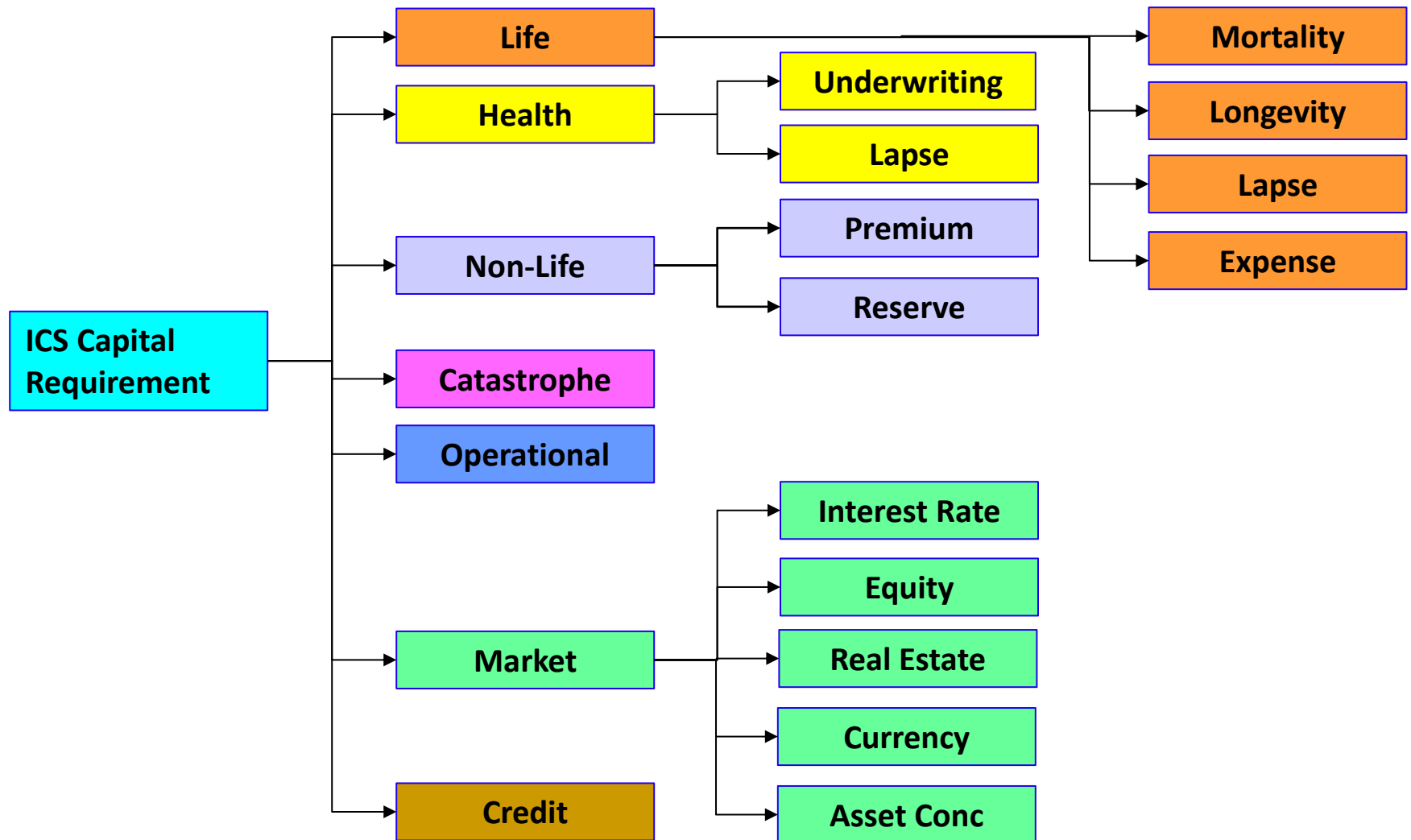
$$\text{ICS Ratio} = \frac{\text{qualifying capital resources}}{\text{ICS capital requirement}}$$

## Key ICS building blocks:

- Valuation approaches
- Determination of qualifying capital resources
- Determination of ICS capital requirement



# ICS standard method: Risks (MAV & GAAP+)



# ICS and ComFrame timeframe

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Date	Activity
May/June 2017	<ul style="list-style-type: none"><li>• Adoption of ICS Version 1.0 for extended field testing</li><li>• Launch of 2017 field testing process</li></ul>
May/June 2018	<ul style="list-style-type: none"><li>• Publication of ICS Version 2.0 and ComFrame consultation</li><li>• Launch of 2018 field testing process</li></ul>
April/May 2019`	<ul style="list-style-type: none"><li>• Launch of 2019 field testing process</li></ul>
2019 AGM	<ul style="list-style-type: none"><li>• Adoption of ICS Version 2.0 with ComFrame</li></ul>
From 2020	<ul style="list-style-type: none"><li>• Commencement of implementation of ICS Version 2.0 by jurisdictions</li></ul>
From 2022	<ul style="list-style-type: none"><li>• Implementation of Higher Loss Absorbency (HLA) requirement in addition to ICS Version 2.0 for G-SIIs</li></ul>

# FINAL REMARKS

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