



IAIS

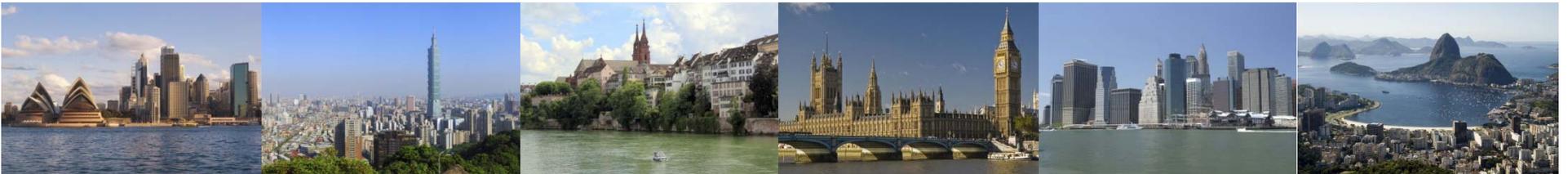
INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Post-Crisis Regulatory Reform Agenda: What it means for Developing Countries

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Overview

IAIS Post-Crisis Regulatory Reform Agenda: What it means for Developing Countries

We'll look at

- What we've done:

- Revised Core Principles
- Work on “systemic risk”
- More specific standards (capital, governance, groups)

- What it means for LICs:

- ✓ Greater focus on home-host, cooperation
- ✓ Wider array of tools
- ✓ Expanded implementation activities

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IAIS Background

- Established in 1994
- Members from over 200 supervisory authorities
- Develop and assist in the implementation of **global principles**, standards, and other supporting material for insurance supervision
- **Forum** for Members to share their experiences and understanding of insurance supervision

Mission

- The IAIS' **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
 - Contribute to global **financial stability**

IAIS Post-Crisis Reform Agenda

- **Strengthened Insurance Core Principles (ICP)**
 - Especially governance, risk management, group-wide supervision
- **Globally Systemically Important Insurers (G-SIIs)**
 - Part of global effort to end Too Big To Fail
 - Policy Measures to strengthening supervision, improve resolution and crisis management, and build higher loss absorbency
 - Focus on non-traditional, non-insurance activities (NTNI)
- **ComFrame (Common Framework for the Supervision of Internationally Active Insurance Groups (IAIG))**
 - Contains quantitative and qualitative elements for identification and ongoing supervision of IAIGs
 - Relevant for home and host supervisors
- **Capital Requirements for Insurers**
 - G-SIIs: Basic Capital Requirement (BCR) / Higher Loss Absorbency (HLA)
 - IAIGs: Global risk-based Insurance Capital Standard (ICS)

IAIS Post-Crisis Reform Agenda: **Impact on LICs**

- **Insurance Core Principles**
 - Updated, clearer high-level standards
 - Implementation framework: assessment, capacity building
- **Globally Systemically Important Insurers (G-SIIs)**
 - First look at insurance in “systemic” context (esp. NTNI)
 - Insurance-specific guidance on resolution and crisis management, higher loss absorbency
 - Systemic framework – applicable regionally?
- **ComFrame (IAIGs)**
 - Applies to international groups → growing presence in LICs
 - Focus on group-wide supervision, home-host issues
 - Emphasis on supervisory cooperation/ Colleges
- **Global Insurance Capital Standards**
 - Better management of capital requirements for global insurers
 - Basis for capital standards for LICs? (BCR)

Strategic Context for Implementation

- **Support for Member observance of IAIS standards**
 - Proportionality – “nature, scale & complexity”
 - Enhancing supervisory practices
 - Commitment to assessment, capacity building, partnerships

- **Coordinated Implementation Framework guides approach:**
 - Regional engagement
 - IAIS unique perspective
 - Key implementation partners
 - Coordination with standard setting, financial stability activities

Key Activities (1)

Regional Engagement

- Support for development of Regional Implementation Plans
- Work through regional associations (e.g., Sub-Sahara Africa, CIMA)

Unique Offering

- **Assessing Observance and Supervisory Needs**
 - Assessment / Peer Review of Members' observance of supervisory material
 - Surveying capacity-building needs of supervisors
- **Developing application guidance**
 - Conduct of business in inclusive insurance markets
 - Issues in index based insurance
 - Proportional approaches to actuarial services
 - Takaful / Microtakaful
- **Enhancing supervisory cooperation and information exchange**
 - Multilateral Memorandum of Understanding (MMoU)
 - Guidance on supervisory colleges

Key Activities (2)

Implementation Partners

- **Access to Insurance Initiative (A2ii)**
 - Key partner for financial inclusion; fosters peer-to-peer exchange, develops learning tools (eg, proportionality in practice case studies, regional plans); host and organize regional events
- **Development Banks / IFIs**
 - Developing tools (World Bank: Core Curriculum, Supervisory Guide), training programmes, capacity building (FIRST: MENA, CIMA projects)
- **Financial Stability Institute (FSI)**
 - On-line learning tools (FSI Connect, FIRST ONE)
 - Insurance seminars

Integration with Standard-Setting, Financial Stability Activities

- Input on global / regional observance and key challenges
- Feedback from implementation activities / partners / assessments and other diagnostic tools

Opportunities for Collaboration with FIRST

Building off IAIS assessment tools

- IAIS assessments can help identify needs / gaps / challenges
- Integrate diagnostics, activities of A2ii

Building off FIRST learnings

- Understand what works / doesn't from FIRST Projects
- Incorporate findings / learnings into Peer-to-Peer exchanges

Availability of funds for insurance capacity building

- Support to address developments in insurance (distribution models, regulatory perimeter, index based insurance)

DISCUSSION

Thank you for your attention

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Contact Details

Thank you for your attention

Feedback is welcome at any time

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