

IAIS public discussion session on IAIS supervisory and supporting material

26 November 2019, Teleconference



INTRODUCTORY REMARKS

Elise Liebers, Chair of the Policy Development Committee

IAIS Glossary and ICP revision (1)

- Multi-year project of comprehensive revision of ICPs aimed at reflecting relevant developments
 - Findings from IAIS' Self-Assessments and Peer Reviews and IMF FSAPs
 - Response to the 2008 global financial crisis, including recommendations from FSB/G20
 - Consistency with the development of ComFrame
 - Updates related to standards and guidance developed by other standard setting bodies
 - Insurance market trends and developments
- The outcome achieved:
 - Comprehensive and stable supervisory material reflecting all relevant developments
 - ICPs consistent with the outcome of ComFrame and the Holistic Framework-related developments
 - Sound basis for the shift to a greater emphasis on assessing implementation and facilitating supervisory capacity building

IAIS Glossary and ICP revision (2)

Revisions endorsed as drafts and published on the IAIS website for information:

- In November 2017: **Introduction and Assessment Methodology**; **ICP 1** (Objectives, Powers and Responsibilities of the Supervisor); **ICP 2** (Supervisor); **ICP 3** (Information Sharing and Confidentiality Requirements); **ICP 9** (Supervisory Review and Reporting); **ICP 10** (Preventive Measures, Corrective Measures and Sanctions) (with ICPs 10 and 11 (Enforcement) combined into one ICP, ie ICP 10); **ICP 12** (Exit from the Market and Resolution)*; **ICP 25** (Supervisory Cooperation and Coordination)*
- In November 2018: **ICP 8** (Risk Management and Internal Controls); **ICP 15** (Investment); ICP 16 (Enterprise Risk Management for Solvency Purposes); **ICP 20** (Public Disclosure); **IAIS Glossary Terms** related to Enterprise Risk Management

* ICP 26 (Cross-border cooperation and coordination on crisis management) was merged with ICPs 12 and 25

IAIS Glossary and ICP revision (3)

- Revisions released for public consultation in June 2019:
 - Draft revised IAIS Glossary
 - Revisions to the Introduction to ICPs and ICP 7 (Corporate Governance)
 - Draft revised ICP 22 (Anti-Money Laundering and Combating the Financing of Terrorism)
- Material adopted at the Annual General Meeting on 14 November 2019 can be found on the IAIS website
 - IAIS Glossary – [link](#)
 - ICPs – [link](#)
- Resolution of the public consultation comments available on the IAIS website (public consultation webpage – [link](#))

Development of ComFrame

- Public consultation on overall Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame):
 - Took place between July and October 2018
 - The outcome of the public consultation published in June 2019 and presented at the public discussion call on 28 June 2019
- Public consultation on draft ComFrame Assessment Methodology in mid-2019
- ComFrame adopted at the Annual General Meeting on 14 November 2019 (available on the IAIS website – [link](#))

ComFrame – nature and purpose

- Characteristic of ComFrame:
 - First global framework for effective and globally consistent supervision of Internationally Active Insurance Groups (IAIGs)
 - Builds and expands standards and guidance set out in the ICPs
- Objectives of ComFrame:
 - Comprehensive and outcome-focused framework aimed at facilitating effective group-wide supervision of IAIGs
 - Qualitative and (in a future phase) quantitative supervisory minimum requirements tailored to activities and nature of IAIGs to help supervisors address group-wide risks and avoid supervisory gaps
 - To provide supervisors with a common language for the supervision of IAIGs

QUESTIONS?

INTRODUCTION TO ICPs, COMFRAME ASSESSMENT METHODOLOGY AND IAIS GLOSSARY

Ryan Workman, Chair of the Supervisory Material Review Task Force

Introduction, Assessment Methodology, Glossary

Introduction to ICPs

- Changes to paragraphs 18 and 19 were designed to specifically explain the distinction of responsibilities between the head of a group and individual legal entities in a group governance context
- Some further minor changes made for consistency

ComFrame Assessment Methodology

- The purpose of the methodology is to explain how the IAIS intends for its supervisory material to be used and assessed, and describes some considerations additional to the ICP Assessment Methodology that should be taken into account when assessing observance of ComFrame requirements
- Some further minor changes made for clarity

IAIS Glossary

- Scope of public consultation
- A complete and updated set of IAIS Glossary is now available on the [IAIS website](#)

QUESTIONS?

ICP 7

Anna Jernova, Chair of the Governance Working Group

Revisions to ICP 7

- Limited scope of revisions, related to ComFrame development, released for public consultation: ICP 7.0.7, 7.0.8 and 7.1.3
- The outcome of the public consultation – few and minor comments, which led to some further revisions
 - ICP 7.0.8 – change aimed at reflecting the existence of different models of governance in terms of the level of (de)centralisation
 - ICP 7.1.3 – change aimed at recognising that there might be conflicts of interests that cannot be avoided, and such conflicts should be managed
 - ICP 7.0.7 – the reference to ‘clear reporting lines’ kept. Clear reporting lines should be part of the group-wide corporate governance framework regardless of the corporate governance model adopted in a particular group

QUESTIONS?

ICP 22

Philip J. Goodman, Chair of the Financial Crime Task Force

Introduction

- Responsible Subcommittee: Financial Crime Task Force (FCTF)
- Consultation period: 14.06.19 – 16.08.19
- Participation: 13 respondents (including multi-stakeholder groups) and Members
- Purpose: presentation of comment resolutions and revised ICP 22 adopted by the IAIS General Meeting on 14.11.2019
- Main changes and revisions

QUESTIONS?

APPLICATION PAPER ON RECOVERY PLANNING

Alex Hart, Chair of the Resolution Working Group

Introduction

- In November 2018 the draft Application Paper on Recovery Planning was released for public consultation
- On 13 November 2019, IAIS ExCo adopted the [revised Application Paper](#)
- The paper provides guidance to supervisory material related to recovery planning in ICP 16.15 and ComFrame integrated therein. It addresses:
 - Objectives and concepts of recovery planning
 - Requirements for recovery plans, and the application of the proportionality principle to recovery planning
 - Governance-related matters in recovery planning, including the development and approval process of a recovery plan and how it relates to overall ERM of an insurer
 - Key elements of a recovery plan, and examples of how these can be addressed in a recovery plan
 - The role of the supervisor

Outcome of the public consultation

Nature of Application Papers:

- Application Papers do not establish new standards / requirements. This paper provides guidance to supervisors when considering whether to implement recovery planning in their jurisdiction, and if so, how such recovery planning could be constructed.

Main comments received during public consultation:

- Relationship with other ERM-tools, including ORSA and contingency funding plans
- Possibility for other involved supervisors to require a separate recovery plan
- Preemptive nature of recovery planning
- Clarity around “activation” and “implementation” of the plan and the role of triggers and recovery options
- The need to include an overview of legal entities and critical functions

QUESTIONS?
