



International Association
of Insurance Supervisors

ANNUAL REPORT 2010-2011

Activities from October 2010 to September 2011
including 2010 Financial Statements

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1. FOREWORD

The International Association of Insurance Supervisors (IAIS) was established in 1994. Its membership includes insurance regulators and supervisors from over 190 jurisdictions in some 140 countries. More than 120 organisations and individuals representing professional associations, insurance and reinsurance companies, international financial institutions, consultants and other professionals are Observers.¹ As stated in Article 2 of the IAIS By-Laws, its objectives are 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

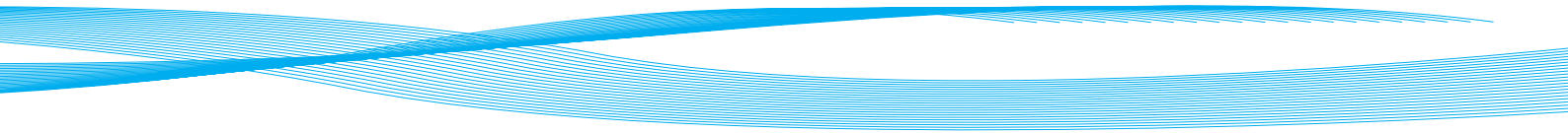
The IAIS provides an effective forum for standard setting and implementation activities by providing opportunities for supervisors to share their expertise, experience and understanding.

The IAIS's activities are carried out under the guidance of its Executive Committee, whose membership comes from different regions around the world (see Appendix I). The Executive Committee is supported by four committees as established under the IAIS By-Laws – the Technical Committee, the Implementation Committee, the Budget

Committee and the Audit Committee. Under the first two of these committees, there are working parties established to accomplish their objectives. In addition to the committees mentioned above, there are three bodies that report directly to the Executive Committee: the Financial Stability Committee, the Internal Review Task Force and the Supervisory Forum. The activities of the IAIS are supported by its Secretariat, located at the Bank for International Settlements in Basel, Switzerland.

The IAIS develops supervisory material (principles, standards and guidance) for effective insurance supervision. The IAIS also prepares supporting papers (such as issues papers) that provide background on specific areas of interest to insurance supervisors. The role that the IAIS plays in promoting financial stability is an important one, and one that is constantly evolving in response to developments in the economy and financial markets. The IAIS actively promotes the implementation of its supervisory material. Working closely with international organisations, regional groups and supervisors, it supports training seminars and conferences. In addition, the IAIS contributes to assessments of the observance of standards in collaboration with the International Monetary Fund and the World Bank. The methodology for doing this is currently being revised.

¹ Full lists of IAIS Members and Observers are available on the IAIS website: www.iaisweb.org.



The IAIS coordinates its work with other international financial institutions and international associations of supervisors or regulators, and assists in shaping financial systems globally. In particular, the IAIS is one of the parent bodies of the Joint Forum together with the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO). It is also represented on the Financial Stability Board (FSB). The IAIS provides input to the International Accounting Standards Board (IASB) for its work on the international financial reporting standards most relevant to insurers, and is a member of the IASB's Standards Advisory Council as well as an official observer of its Insurance Working Group and Financial Instruments Working Group. The IAIS is a member of the Monitoring Group, which is a group of international regulatory bodies and related organisations committed to advancing the public interest in areas related to international audit quality. It has observer status with the International Forum of Independent Audit Regulators as well as with the Financial Action Task Force, which combats money laundering and terrorist financing.

Each year the IAIS holds an annual conference to encourage multilateral discussions on topical issues for insurance supervisors and other insurance professionals. A successful conference was held in Dubai in October 2010. The 2011 conference will be held in Seoul at the end of September.

2. REPORT FROM THE CHAIR OF THE EXECUTIVE COMMITTEE



Peter Braumüller
Chair, Executive Committee

P. Braumüller

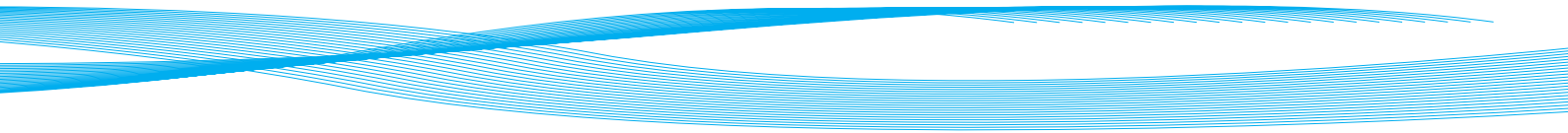
Last year was a year of growth and development for the Association, particularly with regard to internal and structural changes, but also due to increased external demands and expectations, above all arising from financial stability issues.

The continuing global focus on financial stability has been one of the major external drivers of the Association's activities. The IAIS has become more intensively involved in the Financial Stability Board (FSB) workstreams, and insurance issues have featured more prominently on the FSB agenda.

During the last year, the development of a methodology to identify potential globally systemically important financial institutions (G-SIFIs), possible measures to deal with those institutions and appropriate resolution mechanisms were core activities of the IAIS in the area of financial stability. Last year also saw the extension of FSB activities to issues covered by our Association's standard setting and implementation strategies, in particular work on resolution frameworks and financial stability issues with respect to emerging markets and developing economies.

The Association also achieved a major objective with the completion of the review of its Insurance Core Principles (ICPs). Based on developments in insurance markets and supervision since the last revision in 2003, and taking into account experience gained from the Financial Sector Assessment Program (FSAP) assessments as well as recommendations issued by the The Group of Twenty (G-20) Finance Ministers and Central Bank Governors and the FSB, the new set of ICPs will form a solid basis for further improvements in insurance supervision globally. Following broad consultation, the revised ICPs, along with standards and guidance, are expected to be published in October 2011, marking the end of a three-year project.

However, as one project reaches its conclusion, other projects are gathering momentum. The development of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) progressed significantly. The release of the Concept Paper for comments in July 2011 is the first milestone in the three-year development phase of ComFrame, which is to be completed by July 2013. In order to fully reflect the high-profile nature of this work, the Executive Committee has established a ComFrame Oversight



Group, which will ensure the coordination of issues relating to the overall development of ComFrame from a governance and process perspective.

In mid-2011, the IAIS established a Supervisory Forum. This initiative was launched to strengthen the effectiveness of insurance supervision and to foster convergence of supervisory practices.

The new Forum will provide a platform for insurance supervisors to exchange experience of supervisory practices. It will focus on large insurers and insurance groups, and will promote:

- discussion of existing and emerging trends and risks;
- the sharing of ideas and experience between supervisors on supervisory methodologies that are applied in practice; and
- evaluation of the potential impact of macroeconomic scenarios on large or complex insurers and insurance groups.

The Supervisory Forum is made up of high-level senior supervisors with expertise in supervisory practice and is chaired by Steven P. Ferguson, NAIC, USA. Its work is expected to provide a valuable supplement to the standard setting and implementation activities of the IAIS, and significantly contribute to enhancing the effectiveness and convergence of supervisory practices globally. The Forum will collaborate with other IAIS committees, and provide practical input to ongoing IAIS projects, including ComFrame.

To achieve high-quality insurance supervision worldwide and foster global financial stability, standard setting alone is not sufficient. There is a need for proper implementation and application in day-to-day supervision. Therefore, the IAIS has also continued to work on important implementation initiatives, in particular the comprehensive self-assessment and peer review project. Furthermore, the number of signatories to the Multilateral Memorandum of Understanding (MMoU) has reached 17, and a further 23 Members have applied to become signatories to the MMoU, of which 15 are currently undergoing validation.

The IAIS has undertaken numerous projects and initiatives over the last 12 months with the activities mentioned above representing some of the most high profile IAIS workstreams.

To be able to assume the additional challenges, the IAIS has also had to adapt its internal structures and strengthen its resources.

In 2010 the IAIS adopted a new *Strategic Plan and Financial Outlook 2011–2015*, in response to the need to review the strategic priorities of the Association and to strengthen its capabilities, consistent with its role as an international financial standard setter.

Following the adoption of the new strategic plan, the Executive Committee continued to review a number of aspects that were identified in last year's Strategic Review as requiring further consideration. As a result, this year the Executive Committee has approved measures that will:

- enhance coordination between committees
- enhance governance over external relationships
- strengthen procedures related to the issuing of official IAIS statements, and
- provide an approach for performance measurement of the IAIS.

With regard to the latter, the Executive Committee has undertaken to review the performance of the IAIS on an ongoing basis. The aim will be to determine whether and to what extent the IAIS is meeting its high-level objectives, and to use the results to enhance performance where necessary. The review will also seek to ensure that the measures identified to enhance effectiveness and efficiency are included in the strategic plan. Areas for operational improvement will continue to be reviewed on an ongoing basis. The Executive Committee will also continue to consider how to optimise Observers' participation in the IAIS.

Reflecting on the last year, it can be seen as a success for the Association. The IAIS benefits from the support of its Members, who contribute in many different ways, from commenting on consultations, to participating in and chairing Committees and Subcommittees. I would like to thank the Membership for the commitment they have shown. The Association's unique structure means that it is also able to benefit from dialogue with its Observers, and I would also like to thank them for the contribution they have made to the IAIS's activities.

3. REPORT FROM THE IAIS SECRETARY GENERAL



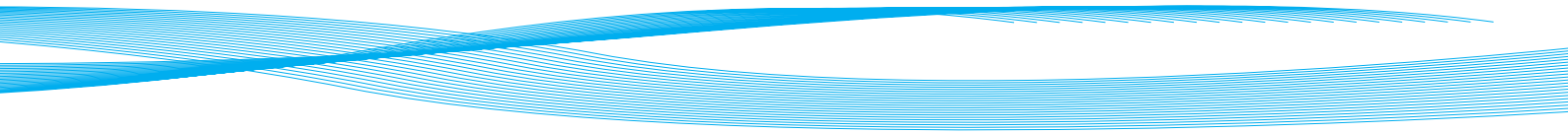
Yoshihiro Kawai
IAIS Secretary General

A handwritten signature in black ink, which appears to read 'Y. Kawai'.

2011 was a busy, but rewarding, year for the Association and the Secretariat. The Association has been required to meet ongoing and significant challenges, and in the face of these challenges it has consistently produced excellent results.

The financial crisis that erupted three years ago brought with it heightened uncertainty, which has not yet abated. The Association has recognised that it will have to continue to operate in this uncertain environment for some time. The development of economies over time has generally made the world a better place to live in, however it has also resulted in complex connections, through markets, products and institutions, and, in an increasingly global economy, resulted in almost permanent fragility and uncertainty. This interconnectedness means that, even if a small part of the world economy or financial system (e.g. a single jurisdiction or financial institution) is in crisis, this can easily and rapidly spill over to other parts. Thus financial stability and financial regulatory policies are, and will remain, a high priority not only for financial authorities but also for politicians. It is in this context that the international financial community has continuously been seeking the IAIS's views and advice on financial stability and supervisory and regulatory policy on insurance matters.

What should the international financial community be doing? First and foremost, each financial authority, international standard setter and international financial institution should develop and strengthen its ability to cope with the uncertain environment. At the same time we should coordinate more closely and effectively. As financial systems become more globalised and interconnected, it becomes almost impossible for a single authority or a single jurisdiction to find an



effective solution in isolation. Financial authorities in different sectors and different jurisdictions need to work together to address problems and find the best solution. In this context IAIS has been actively taking part in the FSB, the Joint Forum and other cross-sectoral activities, enhancing cooperation across institutions, borders and sectors. The Association and the Secretariat will continue to promote this kind of cooperative initiatives in the years to come.

What should the IAIS focus on? In an environment of fast evolving and competing priorities, it is important that the Association's focus is always centred on its core activities. The Association must retain full responsibility for setting its own agenda, and not be directed by other bodies. As the international insurance standard setter, the Association must maintain standard setting at the centre of its universe. The Association is pleased that a comprehensive revision of its ICPs will be published in October 2011. The conclusion of this four-year project frees up resources for a move towards a more holistic stage of the standard setting process – the ComFrame project, the framework of which is due to be completed in 2013. This critical initiative aims to establish a comprehensive framework to address supervision of group-wide activities and risks, and to foster global convergence of regulatory and supervisory measures, including qualitative and quantitative requirements.

The Association is always mindful that standards without solid supervisory practice and implementation have limited impact in the real world. Therefore, in 2011 the Association established the Supervisory Forum, and continues to promote the practical application and incorporation into law of IAIS principles through activities led by the Implementation Committee. This momentum must be strengthened in the years ahead.

The influence of insurance on the financial system, and on financial stability as a whole, remains an unresolved issue. The IAIS's analysis of financial stability issues in the insurance sector has led to it cooperating closely with the FSB, in particular in the context of G-SIFIs and macroprudential surveillance. The Association has advanced this work in the past year, but will still need to elaborate it further in the coming months and years.

What organisational matters are important for the IAIS? To achieve successful results in the areas outlined above, the Association needs to become even more efficient and effective in meeting the demands of our Members, but also in addressing demands from outside. As a result of the enhanced interaction with external bodies such as the G-20 and FSB, the Association is expected to develop high-quality standards, policy measures and analysis, and to implement them in a timely manner. The Association needs to continue its evolution into a body that can produce high-quality output with more agility. To achieve this goal, enhancements to the Association's organisational settings and procedures are required, as well as the firm commitment of all stakeholders.

Based on the *Strategic Plan and Financial Outlook 2011-2015*, the Secretariat has increased its staff numbers this year with the recruitment of new Secretariat members, including George Brady, as an additional Deputy Secretary General, and Daniel Hofmann, in the new position of Economic Counsellor. The expanded Secretariat team is looking forward to providing high-quality service and advice to you and meeting these remarkable challenges with you. I appreciate your continued support and commitment to IAIS activities.

4. REPORT FROM THE CHAIR OF THE FINANCIAL STABILITY COMMITTEE

Peter Braumüller
Chair, Executive Committee

P. Braumüller

The two major work streams undertaken by the Financial Stability Committee (FSC) have been to support the FSB's efforts to address potential risks posed by insurers which may be regarded as global systemically important financial institutions (G-SIFIs), and to commence the development of a macroprudential surveillance framework.

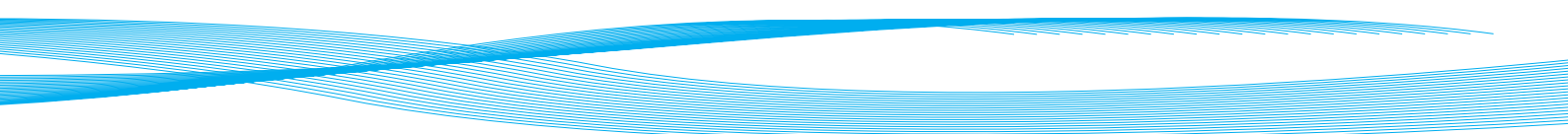
Since the G-20 Leaders' Summit in Seoul last year, the FSC and its group of financial stability specialists have been developing a framework for the identification of any potential global systemically important insurers (G-SIIs) and for appropriate policy measures that could be applied to reduce the likelihood and impact of their failure. A draft process was discussed with Members and Observers during Committee meetings in February, following an informal session in December. The process involves seven steps relating to: scope of analysis; criteria for systemic importance; indicators (of non-traditional insurance activities, interconnectedness, substitutability, size and global activity); data collection; analysis of data; judgement; and final decision-making (involving the FSB and national authorities, in consultation with the IAIS).

After the comments from Members and Observers had been considered, a progress report was provided to the FSB in March 2011 for discussion by its Standing Committee on Supervisory and Regulatory Cooperation (SRC). The progress report included a list of proposed indicators for assessing systemic importance and a

discussion of an assessment methodology. Initial discussions held on the methodology indicate that more focus and weight will probably be attributed to non-traditional insurance activities, and less to size and global activities which also include traditional business. Additional input has been provided to the SRC to ensure that it has a comprehensive view, from an insurance supervisory perspective, of the major relevant issues. This input included papers on insurance and financial stability issues and a joint IAIS/FSB workshop on those issues in Frankfurt in May.

One of the key concerns expressed by both Members and Observers was the need to ensure the continued confidentiality of any data collected from insurers for this project. The issue of confidentiality has posed significant challenges for insurance companies, national supervisors and the IAIS. A detailed proposal was presented and discussed with Members and Observers in Kansas City in May and valuable feedback was collected, allowing revised arrangements to be agreed.

The remaining phases of the project are: analysis of the data, once the data collection process is completed; and, in early 2012, the release for public consultation of the proposed assessment methodology, together with details of proposed policy measures that would be applied to any G-SIIs. Once this project is completed, a similar process will need to be applied to identify potential domestic systemically important insurers.



A related issue is the need to strengthen resolution arrangements for G-SII's. The FSC has been closely following a workstream of the IAIS Insurance Groups and Cross-sectoral Issues Subcommittee (IGSC), which has prepared input for the FSB on a range of resolution issues. This work is expected to be finalised by mid-2012.

With the creation and first meeting of the Macroprudential Policy and Surveillance Working Group (MPSWG) in May 2011, the IAIS and its Members are strengthening the work on, and commitment to, financial stability. The recent financial crisis has shown that the insurance sector can be affected by stress originating in other financial sectors. The vulnerabilities arising from this exposure call for the systematic and early identification of emerging risks. For this reason, the MPSWG has prioritised the development of an analytical framework for macroprudential surveillance, and has decided that the analysis should pay particular attention to the impact of non-traditional insurance activities. Members have also agreed that the internal "Key Risks and Trends" exercise should be strengthened and integrated into the workstreams of the MPSWG to include a macroprudential perspective and cover large complex insurers. The FSC and the MPSWG have also been actively involved in the drafting of the new ICP and associated standards on macroprudential surveillance and insurance supervision, which form part of the comprehensive set of revised ICPs, standards and guidance and will apply from 1 October 2011.

In its Global Reinsurance Market Report (GRMR), 2010 end-year edition, the IAIS published an assessment of reinsurance market stability, including a discussion of natural catastrophes and reinsurance. As in previous years, the GRMR exercise collected, analysed and published a unique set of worldwide reinsurance data from supervisory sources. The GRMR is set to become an increasingly important part of the IAIS macroprudential surveillance framework that is currently being developed. The transformation to a framework that expands beyond the GRMR began in 2011.

In addition to these major projects, the FSC provided or arranged input to the FSB on a growing list of issues, including: supervisory intensity and effectiveness; shadow banking; data gaps and systemic linkages; and the analytical group on vulnerabilities.

5. REPORT FROM THE CHAIR OF THE TECHNICAL COMMITTEE



Monica Mächler
Chair, Technical Committee

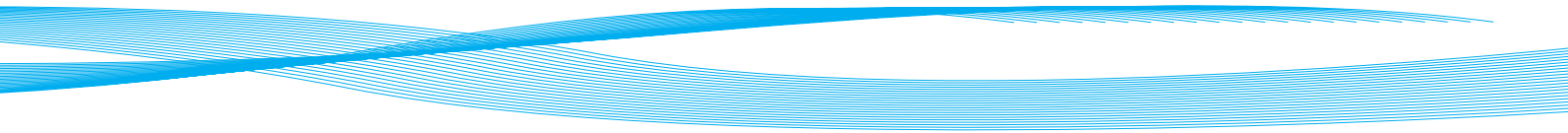
M. Mächler

Under the strategic guidance of the Executive Committee, the Technical Committee and its subcommittees are tasked with developing the IAIS's standard setting work.

The *Strategic Plan and Financial Outlook 2011–2015*, which was approved at the 2010 General Meeting, sets out the Technical Committee's future priorities. At a high level, the goal for standard setting is to promote effective and transparent supervision of insurance markets through the development and issuance of global, sustainable and coherent supervisory material (principles, standards and guidance), while minimising opportunities for regulatory arbitrage.

The corresponding agreed strategies for 2011–2015 that are relevant for the Technical Committee are: the completion and updating of a comprehensive set of high-level, principles-based supervisory material; the provision of an adequate IAIS standard setting response to developments within industry structures and financial markets, as well as to evolving business practices and policyholder needs; and the establishment of a common framework for the supervision of internationally active insurance groups (ComFrame).

In 2011, the IAIS reached a major milestone with the completion of the review of its Insurance Core Principles (ICPs). The ICP review commenced in 2007 and was later expanded into a comprehensive review of all the existing IAIS supervisory material (principles, standards and guidance), when the IAIS agreed that standards should form the key elements for assessing observance of the ICPs and that guidance should provide details and examples on how to implement an ICP principle statement or standard. The ICPs and other supervisory material have been revised to take account of experience and evolution in supervisory practices, feedback from the International Monetary Fund (IMF) and World Bank from their conduct of FSAP assessments against the ICPs, lessons learned from the financial crisis, and recommendations from the Financial Stability Board (FSB) on supervisory intensity



and effectiveness for systemically important financial institutions. The IAIS also analysed the impact of all FSB recommendations on the intensity and effectiveness of G-SIFIs supervision in its ICP review, to assess their relevance to insurance and for the supervision not only of potential G-SIFIs but of financial institutions more generally.

All the draft revised ICP material has now been put into one comprehensive package containing the complete set of ICPs, standards and guidance material, which will be submitted for adoption at the IAIS General Meeting on 1 October 2011, and is designed to replace the existing IAIS supervisory material. Going forward, this set of ICPs, standards and guidance material will be completed and updated as relevant.

Further standard setting activities were pursued. As set out in the reports of the subcommittees, particular initiatives were pursued in the areas of governance, solvency, group supervision and supervisory colleges, accounting and valuation, and cross-border cooperation on crisis management and resolution, with the overarching aim of improving the resilience of the global insurance sector. More detail is included in the individual subcommittee reports.

To minimise opportunities for regulatory arbitrage, cross-sectoral work is crucial. In that respect, the IAIS is contributing actively to the Joint Forum's review of the Principles on Supervision of Financial Conglomerates. The IAIS is assessing developments in international prudential frameworks for capital adequacy in sister organisations and their potential impact on cross-sectoral interdependencies, to determine any steps that may be needed. Where there are particular products causing risk on a cross-sectoral basis, the IAIS is committed to proactively promote cross-sectoral coordination initiatives to find appropriate solutions, to be articulated between microprudential and macroprudential levels as relevant.

Standard setting work on the ComFrame has been transferred to the Technical Committee from the previous ComFrame Task Force, which was disbanded when the ComFrame Concept Paper was released on 1 July 2011 for comments. Going forward, the development of ComFrame contents will be managed through the Technical Committee and its Subcommittees in cooperation with the Secretariat. The recently formed Supervisory Forum will provide inputs to, and inform, the IAIS activities related to standard setting and particularly to the ComFrame, from a supervisory practice perspective. Assessing comments on the Concept Paper will be a major activity of the Technical Committee from September 2011 onwards. This will inform the development of the ComFrame in the second year of its building phase.

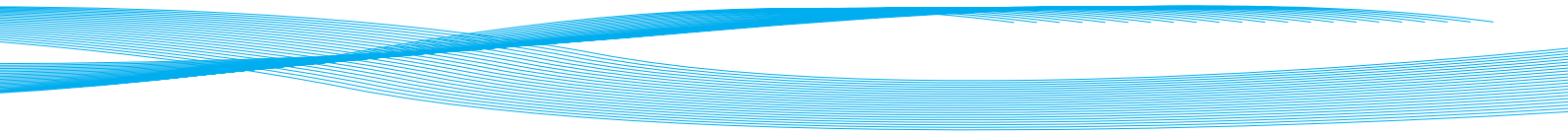
Looking further ahead, IAIS regularly identifies and analyses pressure points and key risks in the global insurance sector based on jurisdictional observations and assessments of emerging issues, to evaluate the adequacy of IAIS initiatives taken to address these risks and identify whether additional steps are needed. The IAIS will continue to update its own internal assessments to ensure that its supervisory material remains comprehensive and reflects current industry and market developments. In the short term, further work has been identified to be undertaken in the areas of supervisory review and reporting, valuation, disclosure, macroprudential surveillance and insurance supervision.

STANDARD SETTING ACHIEVEMENTS DURING 2010-2011

The following material was developed during the year under review and is expected to be adopted in October 2011.

INSURANCE CORE PRINCIPLES (ICPS)

- ICP 1 Objectives, Powers and Responsibilities of the Supervisor
- ICP 2 Supervisor
- ICP 3 Information Exchange and Confidentiality Requirements
- ICP 4 Licensing
- ICP 5 Suitability of Persons
- ICP 6 Changes in Control and Portfolio Transfers
- ICP 7 Corporate Governance
- ICP 8 Risk Management and Internal Controls
- 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 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
- ICP 18 Intermediaries
- ICP 19 Conduct of Business
- ICP 20 Public Disclosure
- ICP 21 Countering Fraud in Insurance
- ICP 22 Anti-Money Laundering and Combating the Financing of Terrorism
- ICP 23 Group-wide Supervision
- ICP 24 Macroprudential Surveillance and Insurance Supervision
- ICP 25 Supervisory Cooperation and Coordination
- ICP 26 Cross-border Cooperation and Coordination on Crisis Management



APPLICATION PAPER:

Application Paper on Deterring, Preventing, Detecting, Reporting, and Remediating Fraud in Insurance

The purpose of this paper is to provide information on how fraud can occur within the insurance sector, so that the potential risk of fraud can be identified and reduced. It supplements ICP 21 and replaces the 2007 Guidance Paper on Preventing, Detecting and Remediating Fraud in Insurance.

MARKET REPORT:

*GLOBAL REINSURANCE MARKET REPORT
(GRMR) – 2010 YEAR-END EDITION*

The GRMR year-end edition was released in December 2010. As with previous reports, the report was based on data submitted by the world's largest reinsurers and assesses reinsurance market stability and linkages.

STANDARD SETTING ACTIVITIES OF THE TECHNICAL COMMITTEE SUBCOMMITTEES

The activities of the Technical Committee are undertaken through the following working parties:

ACCOUNTING AND AUDITING ISSUES SUBCOMMITTEE

The Accounting and Auditing Issues Subcommittee (AAISC) was formed on 1 January 2011. It replaced the former Accounting Subcommittee, and from 1 July 2011 will also take over the mandate of the Insurance Contracts Subcommittee. The AAISC is responsible for the IAIS's relationship with external bodies relating to accounting and auditing. The AAISC monitors accounting developments related to insurers and insurance supervision. It responds on behalf of the IAIS where appropriate, including by providing input to the IASB. The AAISC also provides input to the International Federation of Accountants on auditing standards developed by its standard setting board, the International Auditing and Assurance Standards Board (IAASB), and liaises with other organisations dealing with matters of mutual interest. The AAISC has developed a number of comment letters on behalf of the IAIS which were sent to both the IASB and IAASB this year. The Subcommittee is responsible for public disclosure issues. As such, a significant focus this year has been the finalisation of ICP 20 (Public Disclosure), along with relevant standards and guidance. Richard Thorpe, United Kingdom, became the Chair of the AAISC when it was formed on 1 July 2011. Applications for the position of Vice-Chair were invited in July.

GOVERNANCE AND COMPLIANCE SUBCOMMITTEE

The Governance and Compliance Subcommittee (GCS) develops supervisory material on corporate governance and qualitative risk management applicable to the insurance industry, and is responsible for revision of the relevant ICPs.

In 2010, the GCS completed the revision of ICP 4 (Licensing) and consulted on the need for revisions to ICP 7 (Corporate Governance). In 2011, the Subcommittee finalised the draft revision of ICP 8 (Risk Management and Internal Controls), which was among the ICP material released in February 2011 for consultation

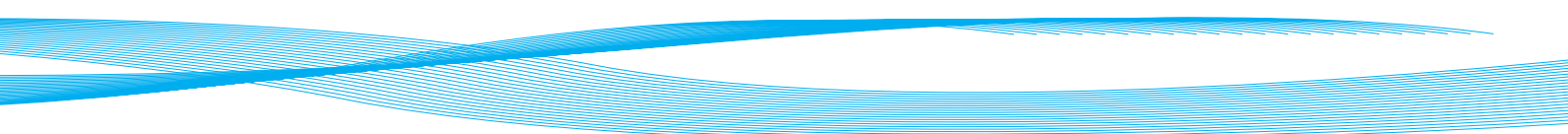
for the first time. ICP 7 and ICP 8 were approved by the Technical Committee in June 2011 and proposed for adoption at the AGM in Seoul in October 2011. In parallel, the Subcommittee provided input to the revised Glossary.

Further, the Subcommittee contributed to the drafting of the ComFrame Concept Paper, more specifically Module 3, which contains both qualitative and quantitative requirements applicable to IAIGs. The qualitative requirements cover corporate governance, including the interaction between corporate bodies, and suitability requirements as well as the setting-up of risk management processes, as well as internal controls, actuarial, internal audit and other processes.

The Governance and Compliance Subcommittee is chaired by Maarten Hage, Netherlands, and its Vice-Chair is Ann Nee Kee, Singapore.

INSURANCE CONTRACTS SUBCOMMITTEE

The Insurance Contracts Subcommittee (ICSC) was tasked with monitoring the IASB's projects on insurance contracts, financial instruments (including fair value measurement) and revenue recognition, and responding on behalf of the IAIS where appropriate. The ICSC was disbanded on 30 June 2011, with its mandate transferred to the AAISC (see above). The purpose of the ICSC's mandate was to provide input to International Financial Reporting Standards from an insurance supervisory perspective. The IAIS supports the use of general purpose financial reporting for supervisory purposes as much as possible. On 30 November 2011 the IAIS provided a comprehensive comment letter to the IASB on ED/2010/8 Exposure Draft: Insurance Contracts, which was compiled by the ICSC. The ICSC continued to liaise with the IASB on the Insurance Contracts project throughout the first half of 2011. Together with the Solvency and Actuarial Issues Subcommittee, this subcommittee also worked on the development of ICP



14 (Valuation). This work is conducted through the Joint Valuation Working Group, chaired by Stuart Wason, Canada. The Insurance Contracts Subcommittee was chaired by Rob Esson, NAIC, USA, and its Vice-Chair was David Rush, Australia.

INSURANCE CORE PRINCIPLES (ICPS) COORDINATION GROUP

The IAIS has completed its review of the ICPs. The ICPs were revised to take account of experience and evolution in supervisory practices, feedback from the IMF and World Bank from their conduct of FSAP assessments against the ICPs, lessons learned from the financial crisis and recommendations from the Financial Stability Board (FSB) on supervisory intensity and effectiveness for systemically important financial institutions. The ICPs were allocated to working parties for review in line with their areas of expertise. The ICP Coordination Group, chaired by Kwok Mun Low, Singapore, coordinated the review. The complete set of ICP material was released for consultation in February 2011. The comments from consultation were resolved and the revised ICPs were approved by the Technical Committee and Executive Committee for adoption at the 1 October 2011 General Meeting.

A key outcome of the ICP review was the restructuring of all IAIS supervisory material according to an agreed hierarchy. The ICP principle statements are the highest level in the hierarchy. They prescribe the essential elements that must be present in the supervisory regime in order to promote a financially sound insurance sector and protect the interests of policyholders. Standards are the next level in the hierarchy. They are linked to specific ICP principle statements and set out key high level requirements that are fundamental to the implementation of the ICP principle statement. Standards should be met for a jurisdiction to demonstrate observance of the particular ICP. Guidance is the lowest level in the hierarchy and supports the ICP principle statement

and/or standards. Guidance provides details on how to implement an ICP principle statement or standard. Guidance does not prescribe new requirements but describes what is meant by the ICP principle statement or standard and, where possible, provides examples of ways to implement the requirements.

INSURANCE GROUPS AND CROSS-SECTORAL ISSUES SUBCOMMITTEE

The Insurance Groups and Cross-sectoral Issues Subcommittee (IGSC) develops supervisory material on group-wide supervision, and is responsible for coordinating Joint Forum issues within the IAIS. This year, the IGSC completed the review of the ICPs on matters relating to group-wide supervision, supervisory cooperation, information exchange, crisis management and winding-up. The IGSC also contributed to the drafting of the ComFrame Concept Paper. The Subcommittee completed the *Issues paper on resolution of cross-border insurance legal entities and groups*, which outlines the existing approaches to resolution, the challenges in resolving cross-border insurance entities as well as suggestions to overcome these challenges. The paper will serve as a basis for future work on resolution within the IAIS.

In support of the IAIS's broader input to the work of the Financial Stability Board, the IGSC contributed to the development of preliminary statements on resolution of systemically important financial institutions from an insurance perspective. The IGSC also organised roundtables in several regions to gather information on the developments of supervisory colleges that will serve as input to a report that will be prepared for the FSB in 2012.

Following the resignation of Axel Oster, BaFin, Germany, in October 2010 Craig Swan, Bermuda, vacated his position as Vice-Chair of the IGSC to assume the role of Chair. Petra Faber-Graw, BaFin, Germany, succeeded him as the new Vice-Chair of the IGSC.

MARKET CONDUCT SUBCOMMITTEE

The Market Conduct Subcommittee is charged with developing supervisory material on insurers' and intermediaries' behaviour in the marketplace. The Subcommittee has been responsible for revisions to the ICPs dealing with conduct of business and intermediaries. The Subcommittee has actively discussed issues relating to the selling and handling of insurance products and services, disclosure of information to customers, and policyholder protection schemes. It oversees the work of the Insurance Fraud Working Group, which covers the area of financial crime committed by or against insurers and intermediaries. The Subcommittee has been responsible for revising the ICPs on Fraud in insurance and on Anti-money laundering and combating the financing of terrorism (AML/CFT). It has updated the *Guidance paper on fraud in insurance* into an Application Paper, which is expected to be approved in October 2011. This will be followed by an update of the *Guidance paper on anti-money laundering and combating the financing of terrorism* into an Application Paper during 2012. The Subcommittee liaises with other international bodies addressing issues of insurance fraud and AML/CFT, including the Financial Action Task Force. The Market Conduct Subcommittee is chaired by Julien Reid, Québec, Canada, and its Vice-Chair is Adel Moneer Rabeh, Egypt.

PENSION COORDINATION GROUP

The Pension Coordination Group (PCG) actively implements the working agreement between the IAIS and the International Organisation of Pension Supervisors (IOPS) by reviewing and commenting on the IOPS guidelines, thus monitoring the consistency of the standard setting work and the publications of the two groups.

Additionally, the PCG monitors developments by other international bodies involved in pension supervision, in particular the Organisation for Economic Co-operation and Development (OECD) Working Party on Private Pensions.

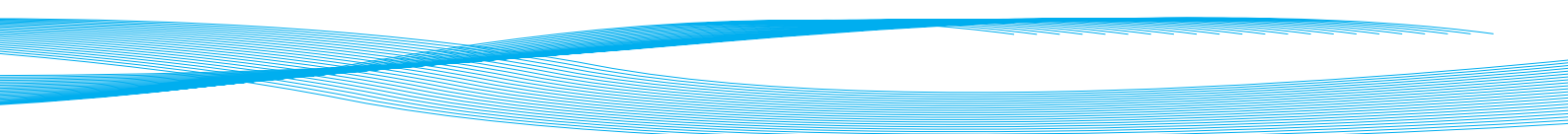
From September to October 2010, the PCG conducted a survey of IAIS Members to request details of their general level of involvement as insurance supervisors in pension regulation. The survey also identified IAIS Members with pension supervisory responsibilities who would be willing to join the PCG and thus add to its knowledge and expertise.

In 2010 the PCG also commenced work on the database comparing the IOPS and IAIS membership. The database will be maintained and regularly updated by the group.

The results of the survey and the database provide the Group with the information needed to assess the extent of insurance supervisors' involvement in pension regulation, thereby enabling it to better meet the needs of IAIS Members generally.

Work also began on preparing the Group's strategy model for the IAIS regarding pension supervision. It is anticipated that this will be completed in time for the 2011 Annual Conference.

As in previous years, the Group held a joint meeting with IOPS and met to discuss a work plan and general priorities for the following two years. The Pension Coordination Group is chaired by Julia Cillikova, Slovakia, and its Vice-Chair is Nigel Woodroffe, Jersey.



REINSURANCE SUBCOMMITTEE AND OTHER FORMS OF RISK TRANSFER SUBCOMMITTEE

The Reinsurance Subcommittee develops standards and principles on reinsurance –from the perspective of both evaluating primary insurers’ reinsurance cover and supervising reinsurers. During 2011 it contributed to the ICP review initiative by finalising the development of ICP 13, and related standard and guidance, on reinsurance and other forms of risk transfer. The Subcommittee also oversees the work of the Reinsurance Transparency Subgroup (RTG), which prepares the IAIS Global Reinsurance Market Report (GRMR). Specific data submitted by the world’s largest reinsurers via their national supervisors forms the basis of the reinsurance report – the only such report worldwide – which provides a supervisory perspective. In addition to assessing reinsurance market stability, the GRMR considers linkages within and beyond the reinsurance sector. The report was previously released on an annual basis but in 2009, the publication frequency was increased to twice-yearly. While the traditional year-end editions cover more quantitative aspects, the recently added mid-year editions focus on more qualitative market developments. Each mid-year report features a specific topic. In 2009 the GRMR mid-year edition featured the timely topic of “developments in (re)insurance securitisation”, followed in 2010 by considerations on “macroprudential surveillance and (re)insurance”. At the same time the Reinsurance Subcommittee oversees the work of the Reinsurance Mutual Recognition Subgroup (MRS), which works to promote recognition among supervisors. Jeremy Cox, Bermuda, serves as the Vice-Chair of the Reinsurance Subcommittee and as the Chair of the Reinsurance Transparency Subgroup. The Reinsurance and Other Forms of Risk Transfer Subcommittee, as well as the Mutual Recognition Subgroup, was chaired by Robert Meindl, Germany. He resigned after a successful term as Chair towards the end of June 2011. At the time of preparation of this report, official IAIS procedures were under way to appoint a new RSC Chair.

SOLVENCY AND ACTUARIAL ISSUES SUBCOMMITTEE

The Solvency and Actuarial Issues Subcommittee is responsible for research into, and analysis of, solvency requirements, solvency assessment and risk management of insurance companies. It develops supervisory material on these topics, and in the past 12 months a major focus of its efforts was on supporting the first stage of the ComFrame process, with specific reference to areas covering enterprise risk management, investment, capital adequacy and internal modelling of risk. Another significant task of the Subcommittee was support of the process to finalise comments on the ICP’s, focusing on those principles with relevance for solvency of insurers. As part of this activity, together with the Insurance Contracts Subcommittee, the Solvency and Actuarial Issues Subcommittee developed supervisory material on the valuation of assets and liabilities (see above under Insurance Contracts Subcommittee).

Ongoing work by the Subcommittee continues to include the development of working material on ComFrame, valuation, supervisory review and reporting, and inputs to financial stability issues such as liquidity and capital quality, solvency information exchange, etc. The Solvency and Actuarial Issues Subcommittee is chaired by Ramon Calderon, NAIC, USA. Dr R Kannan, India, was Vice-Chair until his recent retirement. Applications have been sought for his replacement.

6. REPORT FROM THE CHAIR OF THE COMMON FRAMEWORK FOR THE SUPERVISION OF INTERNATIONALLY ACTIVE INSURANCE GROUPS TASK FORCE

Monica Mächler
Chair, ComFrame Task Force

M. Mächler

On 1 July 2011, the IAIS released a Concept Paper on the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame). Comments are requested by 31 August 2011. Standard setting work on the ComFrame has been transferred to the Technical Committee from the previous ComFrame Task Force, which was disbanded when the ComFrame Concept Paper was released on 1 July 2011 for comments.

With ComFrame, the IAIS aims to:

- **Develop methods of operating group-wide supervision of internationally active insurance groups (IAIGs)** in order to make group-wide supervision more effective and more reflective of actual business practices;
- **Establish a comprehensive framework for supervisors to address group-wide activities and risks, and also set grounds for better supervisory cooperation** in order to allow for a more integrated and international approach;
- **Foster global convergence** of regulatory and supervisory measures and approaches.

In developing ComFrame, the IAIS is addressing a gap that exists today in the supervision of IAIGs. Although a number of individual jurisdictions and regions have developed methodologies of group-wide supervision for insurance groups, there is currently no common framework that serves as a platform to supervise IAIGs globally.

The development of ComFrame is set against the background of the growing relevance of insurance groups, including those that are internationally active. This begs a coherent, meaningful and sustainable policy

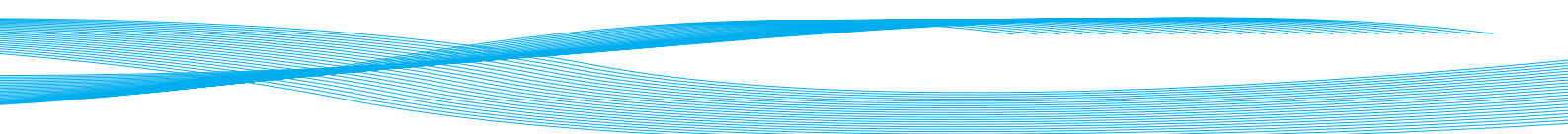
response from the IAIS regarding IAIGs. IAIGs engage in activities in and across several countries and markets, and aim at achieving commercial synergies in many regards, including by the pooling of risks and by optimising financial efficiency. Synergies and efficiencies may also include the transferring of risks from one part of the group to another, often on a cross-border basis. In contrast to the increasingly global activities of groups, insurance supervision has to a considerable extent remained a national matter focusing on solo supervision, with some progress made in the direction of group supervision, but not in a globally coherent manner.

In order to fully understand the operations and risks of an IAIG and its entities in the involved jurisdictions, any one supervisor needs to cooperate and coordinate with other supervisors. In the light of these insights and lessons learnt from the recent financial crisis, it is considered necessary for supervisors to address regulatory gaps in a harmonised manner, as opposed to individually and in isolation.

CHARACTERISTICS OF COMFRAME

ComFrame is designed to **operationalise group-wide supervision for IAIGs**. It will also address issues relating to the supervision of financial conglomerates from an IAIG supervisor's perspective.

ComFrame will provide a framework to assist supervisors to **holistically address the risks arising in IAIGs** that may have many different roots, such as in the mixture of and development of businesses, in the corporate structures of the IAIG, in governance processes or in its financial condition. ComFrame thus applies a **multidisciplinary**



approach. Differences in the normal course of business, stress scenarios and resolution situations will be considered. New risks that may emerge will be captured through the evolving nature of ComFrame. Accordingly, ComFrame aims to be more reflective of the actual, best business practices of IAIGs.

ComFrame will **address both the group-wide and host supervisors' perspectives** by defining roles for cooperation, including through supervisory colleges – thus enhancing the dialogue, effectiveness and efficiency of group-wide supervision. A key to the effective and efficient supervision of an IAIG is the ability of supervisors in each jurisdiction in which the IAIG operates to interact with each other. Supervisors should be able to establish, through the implementation of ComFrame, a common language and approach to the key tasks of supervision that are relevant to the IAIG as a whole.

Supervision of an IAIG will necessarily involve interaction with the IAIG. A more integrated, multilateral framework for the supervision of an IAIG is needed to form the bedrock of this interaction. The implementation of ComFrame should result in a streamlining of supervisory processes that will benefit both supervisors and IAIGs, and reduce multiple uncoordinated regulatory processes for an IAIG.

As a result, ComFrame has the potential to advance the evolution of various roles in cross-border supervisory cooperation, going far beyond the traditional cross-border exchange of information between supervisors. Developing **ComFrame will facilitate considerable information sharing and building of understanding** between the involved supervisors and IAIGs.

ComFrame will initiate the interaction between supervisors, for example in identifying IAIGs, in assuming the roles and responsibilities of group-wide and host supervisors, in cooperating and sharing information, in driving and using supervisory colleges actively and in preparing for crisis management. **ComFrame will also be able to serve as a point of reference for group-wide supervision** to involved supervisors and IAIGs.

TECHNICAL ASPECTS OF BUILDING COMFRAME

ComFrame is not intended to be a collection of overly prescriptive, narrowly defined approaches. On the contrary, ComFrame will be **outcome-focused** and, whilst it will **not be rules-based**, its standards will be accompanied with the required parameters and specifications. This builds on the finding that the supervisory principles being implemented by different jurisdictions are often merely different approaches that achieve similar outcomes. ComFrame will also be ever-evolving. There will be no point of perfection: the IAIS and its Members will continuously refine the framework to reflect changing circumstances and experience gained with ComFrame over time.

ComFrame will **become a comprehensive framework.** It will **not only cover that which is unique and specific to IAIGs.** ComFrame will also cover everything that is **relevant to IAIGs.** Some issues may be relevant to insurers or all insurance groups including IAIGs.

ComFrame will need to address these issues. This does not mean that domestic groups or other groups that do not meet the definition of IAIGs are in the scope of ComFrame.

ComFrame is designed to be based on and complement the ICPs. ICPs are applicable at the legal entity and the insurance group level, unless otherwise specified.

ComFrame will be the practical application and elaboration of those ICPs with regard to IAIGs. This will be built on existing experience in insurance group-wide supervision developed by IAIS Members, leading to identification of best practices and developing new practices as well. ComFrame is designed to create more commonality and comparability of approaches without being rules-based.

ComFrame also draws on the experience of several different supervisors by synthesising the various processes used by them under normal and stress conditions, and complementing such processes where gaps have emerged.

STRUCTURE

ComFrame builds on several key Modules, which are further elaborated by corresponding Elements. This structure has been designed to allow ComFrame to compartmentalise the various pieces of work and develop them separately yet in a well coordinated manner.

The Modules of ComFrame are:

- Module 1 Scope of Application
- Module 2 Group Structure and Business
- Module 3 Qualitative and Quantitative Requirements
- Module 4 Supervisory Cooperation and Interaction
- Module 5 Jurisdictional Matters

Module 1 is the basis of ComFrame in that it sets out the criteria and process of identification of IAIGs and the scope of supervision, along with how insurance supervisors should interact with other sectoral supervisors where an IAIG is a financial conglomerate or is a sub-group within a financial conglomerate.

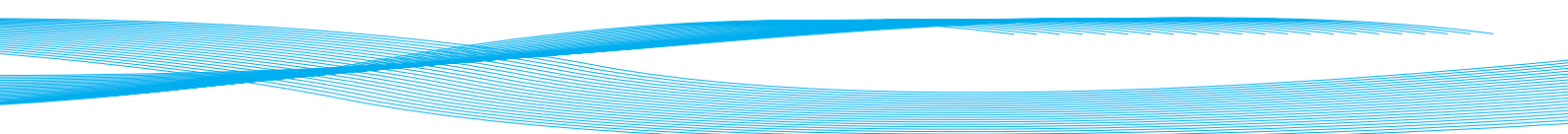
Module 2 addresses the structure and business mix of an IAIG from the risk management perspective. Changes in business and intra-group transactions are also considered from a risk management point of view. Furthermore, Module 2 sets out the proactive steps expected from IAIGs, such as contingency planning and protocols relating to handling emergency situations as well as the provision of information on applicable policyholder protection schemes.

Module 3 contains both qualitative and quantitative requirements applicable to IAIGs.

Qualitative requirements capture corporate governance, including the interaction between corporate bodies and fitness and proprietary requirements, and the setting-up of risk management processes as well as actuarial, internal audit and other processes. Quantitative requirements address liabilities and investments, valuation and capital adequacy, on the basis of a comprehensive Enterprise Risk Management Approach.

Module 4 covers supervisory processes, including interaction among supervisors, supervisory activities and approaches to supervisory intervention, crisis management and resolution, as well as reporting and disclosure obligations of IAIGs.

Module 5 sets out minimum criteria for all IAIS Members to meet, with ComFrame Prerequisites applying in the expectation that all IAIS Members will, at a minimum, perform the role of host supervisors of IAIGs. Increased ComFrame Prerequisites apply to those IAIS Members who take on the role of group-wide supervisors.



Each Element is assigned a specific Priority – A, B or C – depending on the timing of delivery. Priority A Elements are further developed and are closer to their final form but are expected to be evolved further as other Modules and Elements of ComFrame evolve. Priority B Elements will be ready for consultation by the end of the second year (1 July 2012), and Priority C Elements by the end of the third year (1 July 2013).

ComFrame Standards set out the specific actions or requirements that IAIGs or supervisors need to meet (or comply with). ComFrame Parameters complement the Standards by providing a specific list or criteria to work with in order to ensure compliance with the Standard. Specifications illustrate or provide details and definitions for Parameters in terms of specific numbers and/or items. Where appropriate, Specifications alternatively provide or illustrate approaches to implementing Parameters in practice.

The ComFrame Concept Paper includes text for most Standards and Parameters. **Priority A Elements**, already comprising specific ComFrame Standards, Parameters and Specifications together with corresponding additional guidance in the form of ComFrame Commentary (both General and Technical), lend themselves to comments on the texts proposed. **The Priority B and C Elements** included in the Concept Paper are in general less advanced, and thus less amenable for comments on the specific texts.

THE CONCEPT PAPER

The Concept Paper reflects evolving thinking and open issues arising in the first year of building ComFrame. The draft Modules and Elements are not yet harmonised in their approach and presentation. The Concept Paper serves as a platform to further concretise the needs and methodologies regarding the supervision of IAIGs. As a result, a number of questions are posed to Members and Observers.

The Concept Paper represents a new way for the IAIS to engage with its Members and Observers. This is an invitation to Members and Observers to comment about the direction taken to date. The Concept Paper is also a public document and is primarily provided to the public for information but it is possible for stakeholders from outside the IAIS to provide comments via the IAIS website.

FUTURE DEVELOPMENT OF COMFRAME

This will be the last report from the ComFrame Task Force. Going forward, ComFrame will be further developed through the Technical Committee and its Subcommittees in cooperation with the Secretariat. Observers are included in the Subcommittees' work. In addition, before the Technical Committee meetings, a ComFrame Dialogue with Observers will take place in order to have thorough discussions on the ComFrame papers that will inform the Technical Committee deliberations.

The Supervisory Forum will provide input to and inform those Technical Committee activities based on concrete experience of supervision of internationally active insurance groups, which the evolving work on the ComFrame project is targeting, and contribute to assist in operationalising ComFrame.

The IAIS Executive Committee will provide oversight on the ComFrame project through the ComFrame Oversight Group, which will oversee the ComFrame governance and processes.

NEXT STEPS IN 2011 AND 2012

Assessing comments on the Concept Paper will be the next major activity, which will occur from September 2011 onwards. This will inform the development of the ComFrame Modules and Elements in the second year of its building phase. This further development will lead to another invitation to comment, which will focus on the text of the Priority B Elements along with revised Priority A Elements reflecting comments from the 2011 comment period. It is expected that further questions will be posed, particularly in relation to the Priority C Elements.

7. REPORT FROM CHAIR OF THE IMPLEMENTATION COMMITTEE

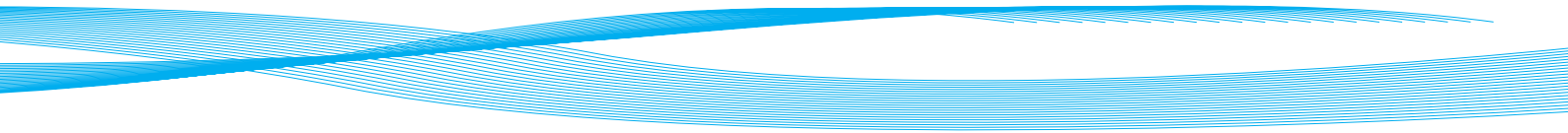


J Hari Narayan
Chair, Implementation Committee

A handwritten signature in black ink, appearing to be 'J Hari Narayan', written over a horizontal line.

The IAIS has recognised that it is not enough to develop sound supervisory standards – and the IAIS is committed to pursuing the actual implementation of these standards into enhanced supervisory practices around the world. Last year, in the Strategic Plan and Financial Outlook 2011–2015, the Implementation Committee was directed to help strengthen the IAIS’s efforts to ensure the effective implementation of IAIS supervisory principles, standards and guidance. With a new working party structure and a renewed focus, the Committee is meeting the challenges set out in the Strategic Plan.

A critical component of the IAIS’s implementation initiatives is enhancing observance and assessment of IAIS supervisory material. This is fundamental to bringing to life the work of the standard setting committees, and brings a critical focus to the enhancement of supervisory practices that underpin sound insurance supervision. This task is being addressed by the Standards Observance Subcommittee, which is developing assessment tools and a peer review methodology. The Subcommittee recently completed a pilot peer review exercise focused on a self-assessment of Members’ adherence to IAIS standards on supervisory cooperation and information exchange. This and several future topics to be addressed in peer reviews respond directly to important concerns related to the financial crisis as identified by the FSB. The pilot exercise has been a tremendous success – with over 100 responses from Members – and sets the stage and provides critical lessons for further peer review exercises to be conducted upon the anticipated adoption of the revised ICPs at the 2011 Annual General Meeting.



Also related to enhancing observance of IAIS standards is the work being overseen by the Education Subcommittee. IAIS work in this area requires significant interaction and cooperation with a number of stakeholders both within and outside the IAIS. A valuable IAIS partner in this endeavour is the Financial Stability Institute, which has developed an insurance programme as well as online training, drawing extensively on IAIS materials.

At the same time, this Subcommittee faces a particular challenge in prioritising training needs, with input from a variety of sources. This includes analysing the results of the self-assessment and peer review programme and, where relevant, reporting back to the standard setting working parties with comments on the supervisory material itself. This constant feedback loop helps to ensure that the IAIS principles, standards and guidance not only reflect the latest thinking of the Members, but also take account of differences in supervisory and market conditions around the globe. The Regional Coordinators provide further valuable insights into local supervisory challenges and market conditions, and contribute greatly to helping deliver relevant training within the supervisory community around the world.

During the period from October 2010 to September 2011, the IAIS organised, sponsored and/or participated in a number of training programmes and regional seminars. These included events held in Asia, Latin America and the Middle East (a full list of regional training seminars is provided in Appendix II). These training events contained presentations and discussions among experts on topics covered in ICPs. Most significantly,

these programmes provide an excellent opportunity for supervisors in the respective regions to look at the IAIS standards through the prism of their own supervisory practices and market conditions. Our involvement in training activities, together with the ongoing work on translating IAIS materials, are critical elements in the effort to help put into practice the wide array of IAIS supervisory material.

A critical element of effective supervision is the ability to share information with other supervisors – both in other jurisdictions and in other financial sectors. The IAIS Supervisory Cooperation Subcommittee is addressing this need, and is making great strides in ensuring that the IAIS Multilateral Memorandum of Understanding (MMoU) is the preeminent global tool for information exchange among insurance supervisors. As the number of approved MMoU supervisors continues to grow, the cooperation and information flows among supervisors follow, leading not only to greater efficiency, but also to enhanced effectiveness of supervision, in particular with regard to supervision of cross-border business.

Through all its activities, I am happy to report that the Implementation Committee continues to contribute to the promotion of effective and globally consistent regulation and supervision, and also to developing fair, safe and stable insurance markets for the benefit and protection of policyholders. Furthermore, due to its partnership with the Access to Insurance Initiative and the IAIS-Microinsurance Network Joint Working Group, it is also reinforcing the G-20 Principles for Innovative Financial Inclusion and enhancing access to insurance markets.

REPORT ON IMPLEMENTATION ACTIVITIES

To carry out its strategic activities, the Implementation Committee relies on the following working parties:

EDUCATION SUBCOMMITTEE

The Education Subcommittee is responsible for establishing the IAIS's educational strategy and following up on it. Among its responsibilities are: assessing the educational needs of Members, and promoting educational activities as well as supporting the development of educational materials; organising seminars (evaluating and approving applications for financial support for regional seminars); and coordinating the translation of IAIS material. The Subcommittee is chaired by Walid Genadry, Lebanon. Applications for the position of Vice-Chair were invited in July 2011.

Translations

The IAIS recognises the need for IAIS papers to be translated into different languages so that they can be better understood and implemented in a wider number of jurisdictions. The translation of top priority Core Curriculum modules and selected supervisory papers into French is completed, and translation into Arabic is in progress.

Training seminars

In collaboration with other organisations, the IAIS arranges regional seminars for insurance supervisors. The seminars focus on specific ICPs or other supervisory issues, depending on the interest and needs of the audience. A list of seminars held during the year 2010–2011 is included in Appendix II. The IAIS also organises an annual global seminar to address its most recent standard setting achievements and emerging issues. This year's global seminar took place in June, together with the Committee meetings held in Macau.

STANDARDS OBSERVANCE SUBCOMMITTEE

In line with the new IAIS strategic direction, and taking into account new developments, particularly those resulting from pronouncements by the G-20 and FSB, the IAIS formed the new Standards Observance Subcommittee, whose core mandate is to develop assessment mechanisms and define the topics for potential thematic peer reviews. The Subcommittee's activities are expected to help strengthen the relative adherence and effectiveness of the observance of the ICPs, standards and guidance, and also assist participating Members to identify potential areas of improvement.

The new subcommittee had its inaugural meeting in February 2011, where the mandate and work plan were discussed in detail. For 2011, the work plan of the subcommittee is directly linked to the recommendations emanating from the FSB's paper on *Intensity and Effectiveness of SIFI Supervision*. The Subcommittee was tasked to conduct self-assessments against the revised IAIS ICPs within 6 months of their date of issue (expected to be October 2011). The topics under consideration include: mandates, supervisory powers, and consolidated group-wide supervision. Deficiencies and corrective action plans are to be outlined in a letter to the FSB Chair and shared with FSB peers by the end of March 2012.

The subcommittee also hopes to prioritise future thematic self-assessment topics and formalise its procedures on ensuring an effective peer review process.

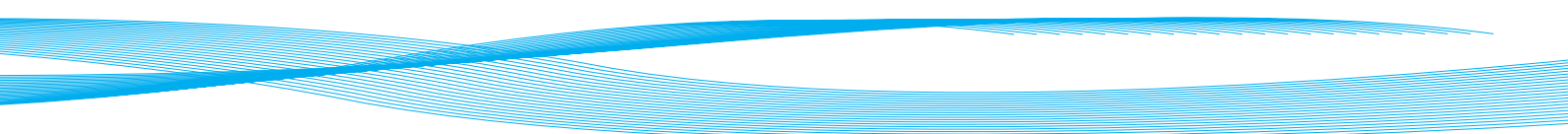
The subcommittee is chaired by Jonathan Dixon, South Africa. The Vice-Chair is Ekrem Sarper, USA, NAIC.

SUPERVISORY COOPERATION SUBCOMMITTEE

The Supervisory Cooperation Subcommittee (SCS) was established in October 2010 and held its first meeting in February 2011.

The Subcommittee's Mandate is, inter alia, to strengthen cooperation and the exchange of information among IAIS members, as elaborated in the IAIS Multilateral Memorandum of Understanding (MMoU) and in the relevant ICPs related to supervisory cooperation and information exchange. The Subcommittee coordinates with the MMoU Signatories Working Group (SWG) to promote accession to the IAIS MMoU, as well as the functioning and effectiveness of cooperation and information exchange both under the IAIS MMoU and outside the MMoU.

During its first half-year, the SCS has: discussed its mandate and work plan, including cooperation with other working parties and organisations; provided input to the SWG on its Frequently Asked Questions document; addressed the need for more validators; and started planning the collection of information on how insurance supervisory authorities cooperate with each other in practice.



The Supervisory Cooperation Subcommittee is chaired by Richard Walker, Guernsey. Applications for the position of Vice-Chair were invited in July.

OTHER ACTIVITIES

Access to Insurance Initiative

The Access to Insurance Initiative (the Initiative) (www.access-to-insurance.org) is a global partnership between the IAIS, the German Ministry of Economic Cooperation and Development (BMZ), the Consultative Group to Assist the Poor (CGAP), the International Labour Organisation (ILO), and the South Africa-based FinMark Trust. The United Nations Capital Development Fund (UNCDF) and the Asian Development Bank (ADB) also joined as funders in 2010. Funding comes from supervisors, sponsors and various international and regional development agencies. The Governing Board of the Initiative is chaired by Jonathan Dixon, Financial Services Board, South Africa.

The purpose of the Initiative is to contribute to sound, effective and proportionate policies, regulation and supervision of insurance markets that facilitate growth of insurance for low-income consumers.

The Initiative assists in the application of insurance supervisory material in specific circumstances and provides support, in particular to emerging markets, in the implementation of ICPs and standards in microinsurance. In conjunction with the G-20 financial inclusion work and other initiatives, it helps to develop and maintain sound insurance markets by providing (coordinating technical assistance and) support in terms of country diagnostics, country coaching and capacity building.

In October 2010, the Initiative, jointly with the IAIS Microinsurance Network (MIN), helped finalise the *Issues Paper on the Regulation and Supervision of Mutuals, Cooperatives and other Community-based Organisations in Increasing Access to Insurance Markets*. This Paper, approved at the IAIS AGM in Dubai, discusses the role that mutuals, cooperatives and other community-based organisations perform to improve the effective provision of insurance services in some jurisdictions to groups of the population that would otherwise be underserved.

As part of the 2011–2012 work plan, the IAIS-MIN Joint Working Group is assisting with the draft *Guidance on Regulation and Supervision Supporting Inclusive Insurance Markets*. When applying the revised ICPs, which are universally applicable, this guidance is intended to assist supervisors and regulators to implement the ICPs in an appropriate manner that is consistent with more accessible insurance services and also reinforces the G-20 Principles for Innovative Financial Inclusion.

The Initiative has a growing brand value both through its partner relationships with supervisors and through its methodologies and activities, and continues to contribute and influence the global expert discussions while promoting the development of microinsurance policy, regulation and supervision in the partner countries.

Signatories Working Group

The Signatories Working Group (SWG) is responsible for monitoring the validation of applications to the MMoU received from interested IAIS Members, commenting on validation reports and recommending applicants for becoming signatories to the IAIS MMoU.

In October 2010, an online tool for electronic submission and validation of applications to the MMoU was launched. As of 17 June 2011, there were 17 signatories to the MMoU and validation is currently in progress for 15 applicant jurisdictions. With the increasing number of applicants, the SWG has a challenge to recruit more validators, in order to ensure proper assessment of the applicants.

In addition to discussing the progress on validations, approving validation reports and recommending signatories to the MMoU, the SWG has been working on revisions to the MMoU Annexes, Administration and Accession Procedures, and the Frequently Asked Questions document.

8. REPORT FROM THE CHAIR OF BUDGET COMMITTEE



Victor Rod
Chair, Budget Committee

A stylized, handwritten signature in black ink, consisting of a large, looped 'V' followed by a horizontal line.

The 2010 IAIS financial statements were prepared according to Swiss law and, where possible, International Financial Reporting Standards have been applied. They were audited by Deloitte AG for the third consecutive year and the auditors raised no management issues. The audited financial statements show a surplus of CHF 559,424 compared with an approved budget of CHF 14,316. The surplus was higher than budgeted, due mainly to the following key areas of cost saving: lower staff salaries and benefits, lower relocation costs, and lower costs on training seminars. Offsetting this were additional expenditure on the website, including the development of an IT tool for publication of the new ICP material, and a provision for unpaid fees. The 2010 surplus will serve to further strengthen reserves and provide a solid funding base to support the initiatives set out in the Strategic Plan and Financial Outlook 2011–2015.

The IAIS continues to maintain its conservative investment policy and has invested an amount representing its target reserve in fixed-term bank deposits to provide a high degree of capital security.

Until 2010, budgeted amounts for implementation activities that were not incurred in a particular year remained earmarked for implementation activities. This has resulted in an accumulated provision of CHF 728,690 having built up in the financial statements. These funds have now been ring-fenced and will be used to finance specific implementation initiatives planned over the next five years; funds that are no longer considered necessary for this purpose will be released to the general reserve. From 2010, where budgeted expenditure on implementation activities is not utilised in a year, the amounts unspent will no longer be carried forward as a provision.

The financial forecast for 2011 is set out in the *Strategic Plan and Financial Outlook 2011–2015*. The financial forecast estimates the costs and revenues necessary for the IAIS to achieve its strategic objectives over the next five years, including the recruitment of additional Secretariat staff to support the necessary work. The forecast for 2011 estimates an excess of expenditure over revenue of CHF 584,345. During 2011 the IAIS has been successful in recruiting new staff to the Secretariat to the level anticipated in the strategic plan (current Secretariat staffing is shown in Appendix III). However, employee-related costs for 2011 will be lower than anticipated, due to lower benefit entitlements, lower relocation costs and, in some cases, later commencement dates than assumed in the forecast. This, together with cost efficiency measures and lower expenditure in other areas, is likely to result in a much smaller deficit for 2011 than originally forecast.

The IAIS continues to receive support from certain Members and third parties in the form of either grants or support in kind, such as secondments of staff to the Secretariat. The IAIS is grateful to these parties for their contributions, and would like to acknowledge the special support provided during 2010 by the Bank for International Settlements, the Financial Supervisory Commission (Chinese Taipei), BaFin (Germany), the Financial Services Agency (Japan), the Financial Supervisory Service (Republic of Korea), and the National Association of Insurance Commissioners (USA).

9. AUDITORS REPORT



Deloitte AG
Steinengraben 22
Postfach
CH-4002 Basel
Tel: +41 (0)61 285 14 14
Fax: +41 (0)61 285 14 15
www.deloitte.ch

Independent Auditor's Report

To the Members of the
INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS (IAIS), BASEL

Report on the financial statements

At your request, we have audited the accompanying financial statements of the International Association of Insurance Supervisors (the "IAIS") which comprise the Statement of Financial Position as at 31 December 2010, the Statement of Activities, Statement of Cash Flows and the Notes for the year then ended.

Management's Responsibility

The Management of the IAIS is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the by-laws of the association. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Management of the IAIS is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2010 comply with relevant Swiss law and the by-laws of the IAIS.

Deloitte AG

Tobias Pfeiffer
Partner

Marius Disler
Manager

Basel, 9 June 2011
TPF/MDI/sdu

10. FINANCIAL STATEMENTS

International Association of Insurance Supervisors
Statement of Financial Position
As at 31 December 2010
(in Swiss francs)

	Note	2010	2009
ASSETS			
Cash and cash equivalents	6	3,927,063	4,475,311
Investments held to maturity	7	4,001,625	3,093,212
Accounts receivable	8	648,262	1,730,318
Prepayments		4,984	12,265
Total assets		8,581,934	9,311,106
LIABILITIES			
Accounts payable	9	1,229,295	2,541,660
Deferred revenue	10	835,500	811,731
Advances received	4	2,202	2,202
Provision for standard implementation activities	14	728,690	728,690
Total liabilities		2,795,687	4,084,283
UNRESTRICTED NET ASSETS			
Balance brought forward from previous year		5,226,823	4,895,157
Net result from activities		559,424	331,666
Total unrestricted net assets		5,786,247	5,226,823
Total liabilities and unrestricted net assets		8,581,934	9,311,106

There were no movements in equity during the year other than those included in the Statement of Activities.
The accompanying notes form part of these financial statements.

International Association of Insurance Supervisors
Statement of Activities
For the year ended 31 December 2010
(in Swiss francs)

	Note	2010	2009
OPERATING REVENUE			
Membership fees		2,667,000	2,536,000
Observership fees		1,827,000	1,611,000
Annual conference income	12	618,692	1,695,377
Total operating revenue		5,112,692	5,842,377
OPERATING EXPENSES			
Administration	11	32,511	25,433
Annual conference expenses	12	605,006	1,670,918
Audit		7,060	8,067
Editing		14,867	1,313
Standard implementation activities	14	225,907	157,749
Provision for standard implementation activities	14	-	436,251
Meetings		32,457	43,430
Provision for bad debts	8	26,500	129,120
Relocation		87,000	73,400
Salaries		2,851,379	2,494,498
Staff training		8,333	3,006
Travel		453,686	378,945
Survey		-	40,000
Website		183,107	20,423
Total operating expenses		4,557,813	5,482,553
Net result from activities before investment income and exchange rate movements		554,879	359,824
Investment (loss)/income	13	16,825	(20,976)
Net foreign exchange (loss)/income	15	(12,280)	(7,182)
Net result from activities		559,424	331,666

The accompanying notes form part of these financial statements.

International Association of Insurance Supervisors
Statement of Cash Flows
For the year ended 31 December 2010
(in Swiss francs)

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net results from activities		559,424	331,666
Adjustments for:			
Investment loss/(income)		(16,825)	20,976
Net foreign exchange loss		12,280	7,182
		554,879	359,824
Decrease/(increase) in accounts receivable		1,082,056	(980,566)
Decrease/(increase) in prepayments		7,281	(12,265)
(Decrease)/increase in accounts payable		(1,312,365)	1,415,331
(Decrease)/increase in deferred revenue		23,769	135,199
(Decrease) in advances received		-	(70)
Increase in provision for standard implementation activities		-	436,251
Net cash from operating activities		355,620	1,353,704
CASH FLOWS/(USED IN) FROM INVESTING ACTIVITIES			
Proceeds from maturity of bond, including interest		3,104,517	3,063,375
Purchase of bonds		-	(3,199,269)
Purchase of time deposits		(4,000,000)	
Interest received, other than on bonds	13	11,695	13,292
Interest received on bonds held			68,250
Tax on purchase of time deposits		(7,800)	-
Net cash from/(used in) investing activities		(891,588)	(54,352)
Effects of exchange rate changes on cash and cash equivalents		(12,280)	(7,182)
Net increase in cash and cash equivalents		(548,248)	1,292,170
Cash and cash equivalents at beginning of year	6	4,475,311	3,183,141
Cash and cash equivalents at end of year	6	3,927,063	4,475,311

The accompanying notes form part of these financial statements.

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 and observers worldwide.

The IAIS provides an independent forum for insurance supervisors to promote cooperation among its members in carrying out their responsibilities and to enhance their ability to protect insurance policyholders and promote secure and efficient insurance markets.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with Swiss law. Where possible, International Financial Reporting Standards are considered in the preparation of the financial statements.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis, and income and expense items are recorded on the accruals basis. The principal accounting policies are set out below.

c. Scope of 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.

d. Functional and presentation currency

The functional and presentation currency is the Swiss franc.

As a result of its international activities the Association is exposed to various other currencies. All transactions are recorded in Swiss francs at the exchange rates ruling at the date of the transaction.

Exchange differences arising from the retranslation of monetary assets and liabilities are included as net foreign exchange gains or losses in the Income Statement.

e. Cash and cash equivalents

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

f. Investments

Investments in time deposits, bonds and treasury notes are held to maturity and are accounted for at amortised cost using the effective interest method.

Returns from investments are accounted for in interest income.

g. Receivables and Accounts payable

Receivables and accounts payable are principally short-term amounts relating to the settlement of transactions as a result of the Association's activities. They are included in the Statement of Financial Position at amortised cost.

h. 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.

i. *Withholding taxes*

In 2008, the accounting policy in respect of withholding taxes on investment income changed and these amounts are now expensed and reported as part of investment income.

j. *Provision for standard implementation activities*

In March 2011, the Executive Committee and Budget Committee agreed to a change in accounting policy whereby from 2010 onwards, the costs of standard implementation activities will be expensed in the year incurred and unspent budgeted amounts will no longer be accrued. The accumulated provision for standard implementation activities totalling CHF 728,690 at 31 December 2010 will not change pending the final decision on the use of the provision expected in June 2011. In 2008 and 2009 budgeted amounts for implementation that were not incurred remained earmarked for standard implementation activities and accrued in the provision for standard implementation activities.

3. BENEFITS RECEIVED

The IAIS is hosted by the Bank for International Settlements (BIS) and benefits from administration, accounting, office space and other advisory services provided by the BIS. 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.

The Association also benefits from Members' secondment of staff to its Secretariat.

The total amount of these benefits has not been determined.

4. THIRD PARTY CONTRIBUTIONS

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

DNB Dutch Contribution

USD 50,000 was contributed in October 2002. The balance as at 31 December 2010 was CHF 2,202.

Funds are recorded in the Statement of Financial Position as advances received.

FSA Japan Grant

In March 2011, the FSA Japan contributed a grant equivalent to CHF 365,068 which included CHF 97,727 related to 2010 expenses. Funds are held in a separate CHF-denominated bank account with a balance of CHF 7,990 as at 31 December 2010. All transactions are financially independent from the IAIS and the financial records are independently audited.

IAIS Education Fund

The balance held in bank accounts as at 31 December 2010 was equivalent to CHF 130,989. All transactions are financially independent from the IAIS and the financial records are independently audited.

5. INCOME TAXES

The Association is exempt from income tax.

6. CASH AND CASH EQUIVALENTS

	2010	2009
USD Current accounts	92,240	211,944
CHF Current accounts	3,822,951	4,246,900
EUR Current accounts	11,872	16,467
	3,927,063	4,475,311

	2010	2009
7. INVESTMENTS		
Investments held to maturity		
Time deposits	4,001,625	
Swiss Government bond (at amortised cost)	-	3,093,212
	4,001,625	3,093,212

As at 31 December 2010 CHF 4,001,625 was held in time deposits with maturities of one, three and four years.
The Swiss Government bond with a nominal value of CHF 3,000,000 was sold in July 2010.

	2010	2009
8. ACCOUNTS RECEIVABLES		
Annual conference (Note 12)	618,692	1,695,377
Membership fees receivable	11,626	139,299
Other	17,944	10,942
	648,262	1,845,618
Less: provision for bad debts	-	(115,300)
	648,262	1,730,318

	2010	2009
MOVEMENT IN PROVISION FOR BAD DEBTS:		
Opening balance	115,300	22,000
Provision made during the year	26,500	96,120
Write-offs	(115,300)	
Doubtful debts recovered	-	11,000
Charge to operating expenses	26,500	129,120
Bad debts written off	(26,500)	(13,820)
Closing balance	-	115,300

	2010	2009
9. ACCOUNTS PAYABLE		
Annual conference expenses (Note 12)	603,670	1,647,929
Audit	8,000	8,000
Bank for International Settlements	267,715	585,923
Seminars	46,847	75,902
Website improvements	131,820	31,265
Relocation	23,000	8,191
Survey	-	40,000
Other	148,243	144,450
	1,299,295	2,541,660

Amounts due to the Bank for International Settlements are in respect of operating expenses.

	2010	2009
10. DEFERRED REVENUE		
Membership fees	460,500	437,473
Observership fees	375,000	374,258
	835,500	811,731

As at 31 December 2010 some members and observers had paid fees in advance for the year 2011. These amounts will be reflected as income in the Statement of Activities for 2011.

	2010	2009
11. ADMINISTRATION		
Bank charges	2,734	6,954
Copies & postage	3,130	777
Printing & documentation	12,762	6,215
Telephone & fax	12,484	11,487
Miscellaneous	1,401	-
	32,511	25,433

	2010	2009
12. ANNUAL CONFERENCE		
Income		
2010 (2009) conference fee and sponsorship income (Note 8)	618,692	1,695,377
Expenditure		
Other 2010 conference expenditure incurred by host (Note 8)	603,670	
Other 2010 conference expenditure paid	1,450	
Other 2009 conference expenditure incurred by host		1,647,929
Other 2009 conference expenditure paid	(114)	22,989
	605,006	1,670,918

Conference fee and sponsorship income were received, and the majority of conference expenditure incurred, by the conference host on behalf of the IAIS. Such transactions were recorded in a designated account maintained by the host, independent from the host's books and records. The net balance due to the IAIS was settled after the year end. See also Note 15.

	2010	2009
13. INVESTMENT INCOME		
Interest on:		
Bank accounts	11,695	13,292
Time deposits	1,625	-
	13,320	13,292
Interest on bonds	(23,365)	(34,268)
Tax on purchase of time deposits	(7,800)	-
Gain on sale of bond	34,670	-
	16,825	(20,976)

Following the change in accounting for withholding tax in 2008, the Association now presents interest net of withholding tax. See also Note 2.

14. PROVISION FOR STANDARD IMPLEMENTATION ACTIVITIES

In 2008 and 2009, budgeted amounts earmarked for standard implementation activities that were not incurred were set up as a provision for standard implementation activities. In 2010, there was a change in accounting policy and unspent budgeted amounts are no longer accrued. The accumulated provision for standard implementation activities totalling CHF 728,690 as at 31 December 2010 remains earmarked for standard implementation activities. See also Note 2

15. INVESTMENT POLICY AND RISK MANAGEMENT

The Budget Committee meets on a tri-annual basis and assesses the 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 unrestricted reserves, has the highest priority within the investment policy, to ensure that the Association can continue as a going concern to support its activities for the foreseeable future.

Consistent with the investment policy, as at 31 December 2010 the IAIS's investment in financial assets other than cash comprised of investments in UBS time deposits (see Note 6 above), minimising exposure to credit risk and market risk.

Liquidity risk

The Association holds sufficient liquid funds to ensure that it is able to meet its liabilities as they fall due.

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, investment were held in Swiss franc-denominated financial assets as at 31 December 2010. The Association also holds cash balances in Swiss francs (CHF), US dollars (USD) and Euros (EUR). The year end exchange rate used to convert monetary assets and liabilities was 1 USD : 0.93695 CHF (2009: 1.03320 CHF), and 1 EUR : 1.24296 CHF (2009: 1.48471 CHF).

The IAIS holds an annual conference which takes place in a different member jurisdiction each year. The majority of expenditure is incurred in the local currency of the host; conference income is received in a currency other than the Swiss franc, and sometimes one which also differs from the local currency.

The 2010 annual conference was held in Dubai, United Arab Emirates. Conference income was receivable in US dollars and the majority of conference expenditure incurred in UAE Dirham which is pegged to the US dollar. The financial statements for the conference were prepared in US dollars and the conference surplus was transferred in US dollars. An exchange rate of 0.93695 was used to convert the receivables and payables from US dollars to Swiss Francs. See also Note 12 above.

Credit Risk

The major source of funding for the Association is Member and Observers fees. Members represents insurance regulators and supervisors of some 190 jurisdictions in nearly 140 countries and Observers represent more than 120 insurance professionals, insurers, reinsurers and trade associations. Due to the nature of the Association's activities, credit risk is low.

EXECUTIVE COMMITTEE MEMBERS

AUGUST 2011

Appendix I



Peter Braumüller
Austria
Financial Market Authority
Chair



Yasuhiro Hayasaki
Japan
Financial Services Agency
Vice-Chair
Replaced Tatsuo Yamasaki,
Japan, Financial Services
Agency, Oct. 2010



Ian Laughlin
Australia
Australian Prudential
Regulation Authority
Replaced Keith Chapman,
Australia, Australian
Prudential Regulation
Authority, Oct. 2010



Nader Al Mandeel
Bahrain
Central Bank of Bahrain
Replaced Raed Haddadin,
Jordan, Insurance
Commission, Jan. 2011



Jeremy Cox
Bermuda
Bermuda Monetary
Authority



David Oakden
Canada
Office of the Superintendent
of Financial Institutions



Fernando Coloma

Chile

Superintendencia de
Valores y Seguros



Dingfu Wu

China

China Insurance Regulatory
Commission



Adel Mounir

Egypt

Egyptian Financial
Supervisory Authority



Thomas Schmitz-Lippert

Germany

Bundesanstalt für
Finanzdienstleistungsaufsicht
Replaced Antoine Mantel,
France, Autorité de Contrôle
des Assurances et Mutuelles,
Oct. 2010



Michael Oliver

Gibraltar

Financial Services
Commission

Replaced Nik van Leuven,
Guernsey, Guernsey
Financial Services
Commission, Jan. 2011



J. Hari Narayan

India

Insurance Regulatory and
Development Authority

[Chair of Implementation
Committee](#)

Appendix I

Executive Committee Members



Matthew Elderfield

Ireland

Central Bank & Financial Services Authority of Ireland
Replaced Michel Flamée, Belgium, Commission Bancaire, Financière et des Assurances, Oct. 2010



In Seok Seong

Korea (Republic of)

Financial Supervisory Service



Victor Rod*

Luxembourg

Commissariat aux Assurances

Chair of Budget Committee



Manuel Aguilera-Verduzco

Mexico

Comisión Nacional de Seguros y Fianzas



Felipe Tam

Peru

Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones del Peru

Replaced Gustavo Marcelo Medone, Argentina, Superintendencia de Seguros de la Nacion Argentina, Oct. 2010



Luz Foo

Singapore

Monetary Authority of Singapore

* Chairs of the Technical, Implementation and Budget Committees are ex officio non-voting members of the Executive Committee if they do not otherwise hold voting membership of the committee.



Julia Cillikova

Slovakia

National Bank of Slovakia

Replaced Nóra Kiss,
Hungary, Hungarian
Financial Supervisory
Authority, Oct. 2010



Jonathan Dixon

South Africa

Financial Services Board



Monica Mächler

Switzerland

Swiss Financial Market
Supervisory Authority

**Chair of Technical
Committee**



Christina Urias

USA, Arizona

Arizona Department
of Insurance

Replaced Jane Cline, USA,
West Virginia, West Virginia
Department of Insurance,
July 2011



Kevin McCarty

USA, Florida

Florida Office of Insurance
Regulation



Terri Vaughan

USA, NAIC

National Association of
Insurance Commissioners

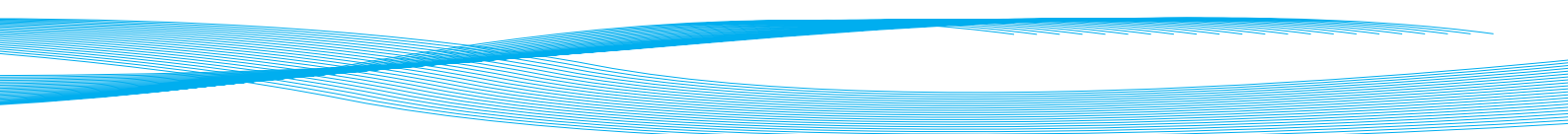
Replaced George Brady, USA,
NAIC, National Association
of Insurance Commissioners,
April 2011

2010-2011 REGIONAL TRAINING SEMINARS

Appendix II

The IAIS sponsored and organised the following training seminars for insurance supervisors during the period from October 2010 to September 2011.

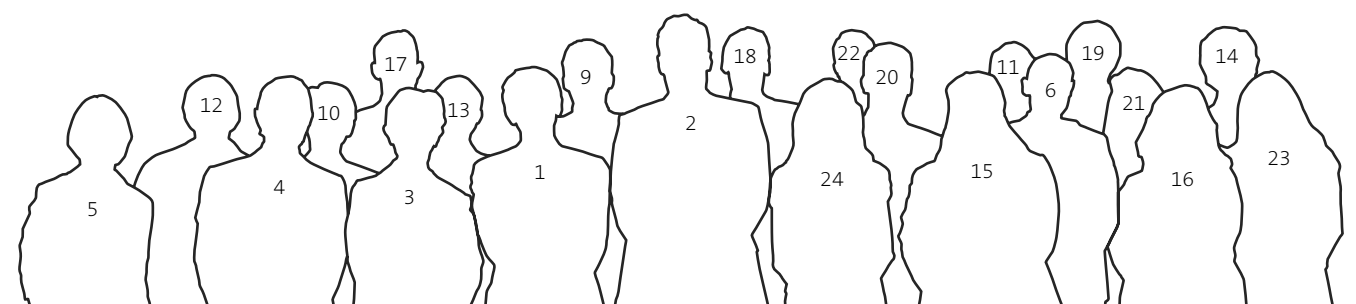
DATE	LOCATION	ORGANISER(S)	MAIN TOPICS
NOVEMBER 2010	San Salvador, El Salvador	Asociación de Supervisores de Seguros de América Latina (ASSAL), IAIS	Risk assessment and management, Internal control, Solvency capital requirements, Preventive and corrective measures, Risk mitigation and diversification, Consumer protection
APRIL 2011	Puerto Rico	ASSAL, IAIS	Corporate governance, Internal models, Risk assessment and management, Risk-based capital, Money laundering and financing of terrorism, Lessons learned from catastrophes
MAY 2011	Kuala Lumpur, Malaysia	Bank Negara Malaysia, FSI, IAIS	Applied risk-based supervision on a micro level, ERM, Internal models, Risk-based solvency, Macroprudential supervision, Suitability and corporate governance

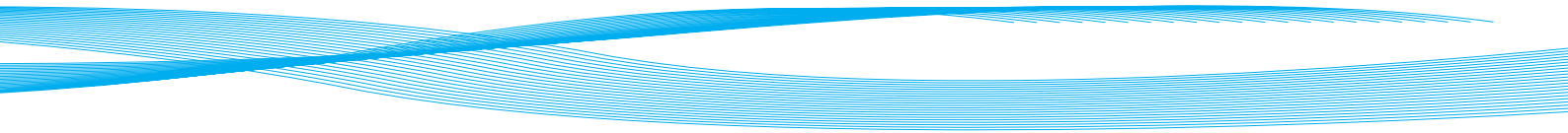


DATE	LOCATION	ORGANISER(S)	MAIN TOPICS
JUNE 2011	Brunei	ASEAN Insurance Training & Research Institute (AITRI), Toronto Centre, IAIS	Supervisory cycle, Risk-based supervision, Monitoring and off-site analysis, Early warning test, Reinsurance, Corporate governance, Internal control
SEPTEMBER 2011	San José, Costa Rica	FSI, ASSAL, IAIS	Risk-based supervisory approaches, Risk management, Corporate governance and internal control, Risk quantification, Complex investment instruments, Early warning system

STAFF OF THE IAIS SECRETARIAT AUGUST 2011

Appendix III





The staff of the IAIS Secretariat play a key role in supporting the Association. Members of staff of the Secretariat from October 2010 to September 2011 were:

1. Yoshihiro Kawai Secretary General	11. Lance Leatherbarrow <i>from July 2011</i> Member of the Secretariat	21. Carine Notter *(BIS) Technical Administrator
2. George Brady <i>from April 2011</i> Deputy Secretary General	12. Aina Liepins <i>from July 2011</i> Member of the Secretariat	22. Simon Bichsel <i>from April 2011</i> Administrative Officer
3. Catherine Lezon Deputy Secretary General	13. Frank Lin *(FSC, Chinese Taipei) Member of the Secretariat	23. Sylvie Ellet Administrative Officer
4. Daniel Hofmann <i>from April 2011</i> Economic Counsellor	14. John Maroney Member of the Secretariat	24. Anne-Marie Kelly Administrative Officer
5. Simone Amiet Member of the Secretariat	15. Nina Moss <i>from February 2011</i> Member of the Secretariat	25. Ann Neale Administrative Officer
6. Peter Cooke Member of the Secretariat	16. Mala Nag Member of the Secretariat	Arup Chatterjee <i>until October 2010</i> Former Member of the Secretariat
7. Dave Finnis <i>from March 2011</i> Member of the Secretariat	17. Peter van den Broeke <i>from April 2011</i> Member of the Secretariat	Kuni Kawasaki *(FSA Japan) <i>until March 2011</i> Former Member of the Secretariat
8. Yasa Fujioka *(FSA Japan) <i>from March 2011</i> Member of the Secretariat	18. Sebastian von Dahlen *(BaFin, Germany until January 2011) <i>from February 2011</i> Member of the Secretariat	Takao Miyamoto *(FSA Japan) <i>until June 2011</i> Former Member of the Secretariat
9. Hong Qiang Huo *(China Insurance Regulatory Commission, China) <i>from March 2011</i> Member of the Secretariat	19. Yoshitaka Wada*(FSA Japan) <i>from July 2011</i> Member of the Secretariat	Jason Park *(FSS, Republic of Korea) <i>until January 2011</i> Former Member of the Secretariat
10. Kwan Jung *(FSS, Republic of Korea) <i>from February 2011</i> Member of the Secretariat	20. Peter Windsor Member of the Secretariat	Nancy Sinclair <i>until June 2011</i> Former Member of the Secretariat
		Jeffery Yong <i>until June 2011</i> Former Member of the Secretariat

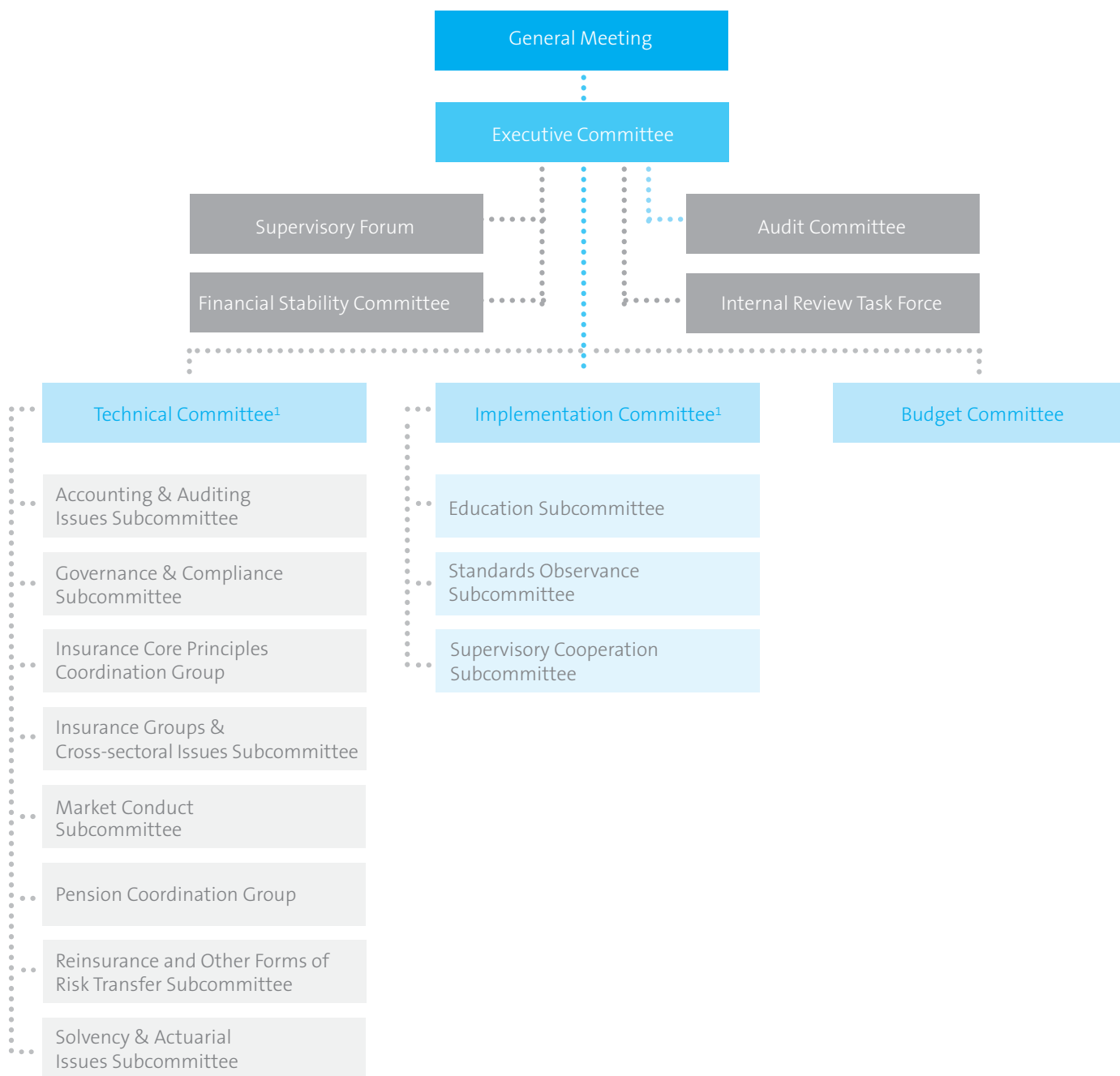
Dave Finnis, Yasa Fujioka and Ann Neale are not pictured.

Staff are financed by IAIS unless indicated by an asterisk (*)

ORGANISATIONAL STRUCTURE

AUGUST 2011

Appendix IV



¹ Working Parties and subgroups of subcommittees are not shown

International Association of Insurance Supervisors

c/o Bank for International Settlements

CH-4002 Basel

Switzerland

Tel: +41 61 225 7300

Fax: +41 61 280 9151

www.iaisweb.org

Design by Layerit

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