

Newsletter

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Issue 84



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In Memoriam: Dr Knut Hohlfeld

Dr Knut Hohlfeld, the first Secretary General of the International Association of Insurance Supervisors (IAIS) from 1998 until his retirement in May 2003, passed away on 21 January.

For more on Dr Hohlfeld and his involvement with the IAIS, please see the related article on [page 3](#).

Registration for Global Seminar Now Open to Stakeholders and the General Public

Stakeholders and the general public may now register for the upcoming IAIS Global Seminar in Buenos Aires, Argentina, scheduled for 13-14 June. To register, please click [here](#).

Registration for IAIS Members opened on 29 January. IAIS Members may click [here](#) to register for the Global Seminar and the committee meetings that will precede it.

From the Secretary General

An important component of our upcoming 2020-2024 Strategic Plan is the additional attention it gives to proactive stakeholder engagement, including with our Members and external stakeholders.



In support of this new strategic emphasis, the Executive Committee discussed targeted enhancements to our existing Stakeholder Engagement Plan (SEP) at its annual retreat. The SEP emphasises the importance of transparency and meaningful dialogue with stakeholders. Since adoption of the SEP, the IAIS has provided nearly 90 separate engagement opportunities, from subject matter stakeholder meetings to public consultations and public background sessions. Already this year, the IAIS has held stakeholder events on the Holistic Framework and Insurance Capital Standard (ICS) Version 2.0 consultation documents. Member engagement also remains strong. For example, earlier this month, I attended the IAIS-A2ii regional meeting of Sub-Saharan African supervisors, where I was impressed by the progress being made on a regional plan for implementing IAIS standards.

The new strategic plan calls for a more collaborative relationship with stakeholders in addressing emerging trends. This will involve reaching out to new stakeholders, such as those in the FinTech space, and ensuring that our modes of engagement and communication are fit for purpose. We will be exploring ways to improve targeted stakeholder input at an earlier stage of our work and enhancing the effectiveness of our consultations. Steps will be developed and implemented in the transition to the start of our new strategic plan in 2020.

Jonathan Dixon, Secretary General



For more information or to subscribe to the newsletter and e-mail alerts, please visit www.iaisweb.org. Comments and suggestions are always welcome.

In Focus... Climate Risk and the Insurance Sector



**Geoff Summerhayes, Executive Board Member APRA,
IAIS Executive Committee member and SIF Chairman**

"The word 'sustainable' has a distinctly environmental connotation these days. As regulators and supervisors, our mandates are strongly focused on financial sustainability: helping the institutions we oversee remain strong, stable and able to continue meeting their promises to their customers...With every passing year, as the world moves closer towards the low carbon economy, those two definitions become ever more entwined. The idea that taking action to address the impact of a changing climate is a luxury or a financial burden is redundant. To the contrary, it's a financial necessity".

In its role as risk manager, risk carrier and investor, the global insurance sector plays a cornerstone role in the management of climate-related risks and opportunities for individuals, households, firms, other financial institutions, and public authorities. Building on three decades of catastrophe risk modelling, risk pricing, research and underwriting, the insurance industry offers a unique skillset to build financial resilience and close the natural catastrophe protection gap.

At the same time, through their underwriting and investment activities, insurers are also exposed to the broad range of physical and transition risks that may arise from a changing climate. This may affect their capacity to write insurance business and pay claims, creating an imperative to consider the resilience of insurers to climate risks.

Supervisors have varying levels of familiarity with the current and potential future impacts of climate risks. While climate change may not appear immediately relevant to the supervision of insurers, the wide range of potential impacts on the economy, high degree of uncertainty associated with impact scale and time horizons, and the potentially systemic and transformative nature of such factors across the industry, merits a response. In this respect, climate risk is similar to other newly arising complex risks – such as cyber risk, recently examined by the Bank for International Settlements (BIS) and the IAIS.

There is an increasing consensus across the financial sector that the potential systemic impacts of climate change require a similarly systemic global response, exemplified by work at the international level by the Group of 20 (G20) and the Financial Stability Board (FSB). These developments create a strategic imperative for the IAIS and its members to consider the supervisory dimensions of climate risks.

A growing number of insurance supervisors are examining the relevance of climate risks for insurance supervision, both individually and collaboratively through the Sustainable Insurance Forum (SIF). The SIF was launched in December 2016 as a global platform for international collaboration by insurance regulators and supervisors on sustainability issues, with a special focus on climate change. The SIF, in co-operation with the IAIS, supports supervisors' efforts to mainstream climate risk issues into everyday practices. Armed with new tools and a growing understanding of the prudential threat climate change

poses to the industries and entities they supervise, regulators are poised to step up their engagement on these issues.

In 2018, the IAIS released the *Issues Paper on Climate Change Risks to the Insurance Sector* – the first effort by an international financial standard-setting body to assess how climate risks may affect financial institutions. As an Issues Paper, it provides an overview of how climate change is currently affecting and may affect the insurance sector now and in the future, provides examples of current material risks and impacts across underwriting and investment activities, and describes how these risks and impacts may be of relevance for the supervision and regulation of the sector. It explains how physical, transition and liability risks are impacting on underwriting and investment policies and processes, demonstrating how climate risks are affecting the core of insurance business and its supervisory oversight. The Issues Paper also calls attention to the importance of the recommendations and supplemental guidance of the FSB's Task Force on Climate-related Financial Disclosures (TCFD). These set a global voluntary framework for the identification, assessment, management, and public disclosure of climate-related risks and opportunities in mainstream financial filings.

From a regulator's perspective, the benefits of enhanced disclosure and transparency are clear. In order to confidently assess whether entities are financially viable, well-governed, regulatory compliant and resilient, regulators need information – especially relating to new and emerging risks. For investors too, climate risk disclosure delivers obvious benefits. The availability of detailed, accurate information on past performance and future prospects helps investors to make informed decisions when pricing risk and allocating capital. Companies at the forefront of climate risk disclosure are also benefitting. By providing additional assurances to the market, these businesses put themselves at a competitive advantage in attracting investment and retaining- and attracting customers. At least 34 large insurance groups have published climate-related disclosures on the back of the work of the FSB task force.

This year, in support of our members, the IAIS is collaborating with the SIF to develop an Issues Paper on TCFD implementation for the insurance sector. This topic aims to open the dialogue between insurance regulators, regulated firms and other stakeholders around awareness of climate-related disclosures, use of scenarios and metrics and supporting the development of best practices to be considered by insurers in their financial disclosures.

According to Jonathan Dixon, IAIS Secretary General, "The IAIS will increase its focus on helping its Members to proactively respond to a range of emerging(ed) trends and developments, particularly in the areas of climate risk and sustainable development. Our collaboration with the SIF offers our Members the opportunity for a dedicated exchange of supervisory practices that then facilitates an acceleration of the conversation among our broader membership. We look forward to our continued partnership with the SIF and an engaged conversation with our broader stakeholders on the topic of climate risks".

News Updates

In Memoriam: Dr Knut Hohlfeld

Dr Knut Hohlfeld, the first IAIS Secretary General from 1998 until his retirement in May 2003, passed away on 21 January.

Prior to his appointment as Secretary General, Knut served as the first Chair of the IAIS Technical Committee and also served as Head of the German Insurance Supervisory Authority. In recognition of his significant contributions to the work of the IAIS, he was honoured as an IAIS Distinguished Fellow in 2005. Knut's funeral was held on 8 February in Berlin.



Knut would often say “take care of the IAIS”. He exemplified this mantra by working tirelessly on behalf of the Association. Several years ago, on the occasion of the 20th anniversary of the IAIS, Knut paid tribute to the IAIS: “I am very thankful that by the appointment as IAIS Secretary General I got the chance, after eight years as president of the German Insurance Supervisory Authority, to contribute to an efficient insurance supervision worldwide. My work with, and for, the IAIS was a fascinating time. I very much enjoyed the international community and the strong will of the Members of different working parties to come to solutions that ensure clear and good insurance supervisory rules worldwide...My best wishes for many more successful decades”.

Extraordinary General Meeting Concludes with the Election of Additional Executive Committee Members

On 18 February 2019, the IAIS concluded its Extraordinary General Meeting by written procedure, organised to elect additional members to the Executive Committee following the governance changes adopted during the IAIS’ 2018 Annual General Meeting in Luxembourg. Congratulations to the following newly elected members:

- David Altmaier, Office of Insurance Regulation, USA, Florida;
- Gary Anderson, Division of Insurance, USA, Massachusetts;
- Nathalie Berger, European Commission, European Union;
- Clement Cheung, Insurance Authority, China Hong Kong;
- Sylvia Cronin, Central Bank of Ireland, Republic of Ireland;
- Donald J Jaganathan, Bank Negara, Malaysia;
- Godfrey Kiptum, Insurance Regulatory Authority, Kenya;
- Birgit Rutishauser, Financial Market Supervisory Authority FINMA, Switzerland;
- Steven Seitz, Federal Insurance Office, US Treasury, USA; and
- Ante Žigman, Financial Services Supervisory Agency, Croatia.

The election took immediate effect.

First Actuarial Services Training Programme Held under New Partnership



Attendees at the IAIS-Aii-IAA actuarial training programme in Mauritius display their certificates of participation.

The first actuarial capacity building event for insurance supervisors formed under the partnership between the IAIS, A2ii, and the International Actuarial Association (IAA), took place from 11-15 February. Twenty-eight participants from 16 different countries of the Sub-Saharan Africa region attended the event hosted by the Financial Services Commission of Mauritius.

The objective of the actuarial training programme is to strengthen understanding and application of the actuarial concepts and tools needed to support effective insurance supervision and regulation. Subjects covered included valuation, reinsurance, risk management and internal controls, enterprise risk management, solvency, actuarial techniques, terms and methodologies, and actuarial reports.

The training programme integrated core material with case studies and interactive sessions allowing the participants to share the experiences, practices and challenges of their respective jurisdictions on the use of actuarial capacity for insurance supervision.

Trainers were experienced supervisors and actuaries, including Eamon Kelly (lead trainer), Janice Angove (A2ii-PRA South Africa), Vishal Desai (Bank of England), Elias Omondi (IRA Kenya), and David Rush (IAA).

A second training session for the Caribbean region will take place from 1-5 April in Trinidad and Tobago. This training programme was made possible by the generous financial support of the Department for International Development of the United Kingdom. For more information visit the A2ii [website](#).

Stakeholder Engagement

Stakeholders Discuss ICS at IAIS Meeting

On 1 February, the IAIS hosted an ICS stakeholder event. The meeting gave Members and stakeholders another opportunity to provide feedback on the ICS prior to the finalisation of ICS Version 2.0 for the monitoring period. The IAIS published the ICS Version 2.0 consultation document on 31 July 2018. The event took place in Basel, Switzerland.

Presentations from the event are available on the IAIS website by clicking [here](#).

Accounting and Auditing Working Group Holding Teleconference to Receive Stakeholder Input

On 28 February, the Accounting and Auditing Working Group of the IAIS is holding an interested stakeholder call-in session to provide updates on its activities and gather feedback on key matters of interest.

**Meetings and
Events****Upcoming IAIS Meetings: February – April 2019**

Unless otherwise noted, IAIS meetings in the table below will be held in Basel. Members may visit the IAIS website at www.iaisweb.org for more information on a specific meeting and to confirm dates and locations.

Date	Group
28 February – 1 March	Accounting and Auditing Working Group
5-7 March	G-SII Analysts Working Group (Chicago)
12-15 March	Capital, Solvency and Field Testing Working Group (Guangzhou)
19-20 March	Financial Crime Task Force (Amsterdam)
27 March	Core Curriculum Task Force (Teleconference)
27-28 March	Supervisory Material Review Task Force (Paris)
3-4 April	Resolution Working Group (Rome)
8-9 April	Standards Assessment Working Group (Washington, DC)
8-11 April	Capital, Solvency and Field Testing Working Group (Orlando)
24 April	Core Curriculum Task Force (Teleconference)

Stakeholder Meetings

For information about any planned stakeholder meetings, please visit the Stakeholder Meetings page on the IAIS website at www.iaisweb.org.

**Seminars and
Training****Recent: IAIS-A2ii Regional Meeting for Sub-Saharan Africa, 5-6 February, Pretoria, South Africa**

This regional meeting took stock of the activities on the Regional Implementation Plan developed in 2017 and set the agenda for IAIS-A2ii capacity building activities in Sub-Saharan Africa in 2019. The meeting was jointly organised by the IAIS and the A2ii and hosted by the South African Reserve Bank. Secretary General Jonathan Dixon provided an update on IAIS implementation activities.

Committee and Subcommittee Activities

Committee Activities

The Committees did not meet during the period covered by this edition of the newsletter.

Subcommittee Activities

Accounting and Auditing Working Group

The Accounting and Auditing Working Group next meets on 28 February-1 March in Basel. The agenda includes discussions of potential changes to Insurance Core Principle (ICP) 20 (Public Disclosure) based on comments received on the Holistic Framework for Systemic Risk Consultation Document. The Working Group will also discuss the International Accounting Standards Board's potential delay of IFRS 17, audit quality issues and Monitoring Group developments, and hold a stakeholder call-in session.

Secretariat Support: jay.muska@bis.org

Capital, Solvency and Field Testing Working Group

The Capital, Solvency and Field Testing Working Group (CSFWG) met in Basel from 28-31 January to finalise its recommendations on 2019 Field Testing of ICS Version 2.0. These recommendations will go to the Policy Development Committee and the Executive Committee for endorsement at their meetings in late February.

The CSFWG will next meet in Guangzhou, China from 12-15 March with a focus on updating the 2019 Field Testing Technical Specifications based on agreements reached by the Policy Development and Executive Committees. The CSFWG will then meet in Orlando, Florida from 8-11 April to finalise the field testing package and discuss the ICS Version 2.0 monitoring period.

The launch of both the 2019 Field Testing of ICS Version 2.0 and the 2019 Aggregation Method Additional Data Collection is planned for the end of April. The ICS Field Testing Volunteer Workshops are scheduled for 15 May in Singapore, 23 May in Washington, DC and 29 May in London. The Aggregation Method Volunteer Workshops are scheduled for 15 May in Singapore and 22 May in Washington, DC.

The ICP 15 & 16 Review work stream next meets from 4-6 March to discuss draft revisions to ICP 15 (Investments) and 16 (Enterprise Risk Management), and ComFrame integrated into ICPs 15 and 16 to incorporate the holistic framework as proposed by the Systemic Risk Assessment Drafting Group.

Secretariat Support: romain.paserot@bis.org and danita.pattimore@bis.org

Governance Working Group

At its meeting on 5-6 February, the Governance Working Group discussed the 2018 public consultation comments on ComFrame (Common Framework for the Supervision of Internationally Active Insurance Groups) material in ICPs 5 (Suitability of Persons), 7 (Corporate Governance) and 8 (Risk Management).

The Working Group also discussed the resolution of comments from the public consultation on the *Application Paper on Proactive Supervision of Corporate Governance*. It also held its first discussion on two new papers: *Application Paper on Supervision of Control Functions and Issues* and *Paper on Drivers of Good and Bad*

Governance-related Practices and Behaviour towards Customers (a joint project with the Market Conduct Working Group).

Secretariat Support:
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Insurance Groups Working Group

At its meeting on 13-14 February in Basel, the Working Group discussed 2018 public consultation comments on ComFrame material in ICPs 9 (Supervisory Review and Reporting), 10 (Preventive Measures, Corrective Measures and Sanctions), 23 (Group-wide Supervision) and 25 (Supervisory Cooperation and Coordination).

The Working Group also discussed potential further work aimed at providing practical support to group-wide supervisors and other involved supervisors in preparing for ComFrame coming into effect at the beginning of 2020.

Secretariat Support:
grzegorz.komarnicki@bis.org

Market Conduct Working Group

The Market Conduct Working Group met on 20-21 February in Hong Kong. The main issue for discussion was the draft *Issues Paper on Personal and Other Information*. This paper considers the use of data in various financial innovations described in the earlier *Issues Paper on Increasing Digitalisation in Insurance and its Potential Impact on Consumer Outcomes* (November 2018).

Other workstreams were also discussed, in particular, work on the *Issues Paper on Drivers of Good and Bad Governance-related Practices and Behaviour towards Customers* and the key performance indicators and ratios and drivers of behaviour, and the *Application Paper on the Use of Metrics / KPIs to Assess Conduct-related Performance of Insurance Products*.

Secretariat Support:
peter.vandenbroeke@bis.org

Resolution Working Group

The Resolution Working Group met in Washington, DC on 23-24 January. The main agenda items included a discussion of outcomes of the July 2018 draft ComFrame consultation and the November 2018 consultation on a draft *Application Paper on Recovery Planning*. Both materials are expected to be finalised for adoption by November.

Secretariat Support:
hanne.vanvoorden@bis.org

Supervisory Material Review Task Force

The Supervisory Material Review Task Force met on 7-8 February in Washington, DC. The Task Force discussed the resolution of comments from the consultation on the Draft Introduction to ICPs and ComFrame. The Task Force also initiated a comprehensive review of the IAIS Glossary. These materials are scheduled for adoption in November.

Secretariat Support:
hanne.vanvoorden@bis.org

Access to Insurance Initiative (A2ii) Report



The Access to Insurance Initiative (A2ii) is a unique global partnership which inspires and supports insurance supervisors in promoting access to insurance for underserved and low-income populations. It is the IAIS implementation partner on financial inclusion.

Recent Events

Peter Braumüller elected as Chair of IAIS Implementation and Assessment Committee, 13-14 January, Miami, Florida (USA)

During the IAIS Executive Committee Retreat, Peter Braumüller, Chair of the A2ii Governing Council and Executive Committee, was elected as the new Chair of the IAIS Implementation and Assessment Committee. This should help to ensure that the A2ii workplan continues to be closely coordinated and in line with IAIS implementation and assessment priorities.

Peter is the Managing Director for Insurance and Pension Supervision at the Austrian Financial Market Authority, a position he has held since its founding in 2002. He previously served as Chair of the IAIS Executive Committee and Chair of the IAIS Budget Committee.

Insurance Development Forum, Operational Committee Meeting, 17-18 January, London, United Kingdom

The A2ii, along with approximately 50 stakeholders representing the public and private sectors, participated in the inaugural meeting of the Insurance Development Forum Steering Committee in London. The meeting provided an opportunity for the A2ii and development agency, public sector and private

sector colleagues to share their plans on activities to enhance disaster resilience and address climate risk. The meeting included the approval of the Insurance Development Forum's new governance structure and terms of reference for its working groups. For more information on the Insurance Development Forum, please click [here](#).

A2ii-IAIS Consultation Call, “Regulating InsurTech: Role of the Regulator in Managing Data Risks and Protecting Consumers”, 24 January

With the emergence of new technologies, the use of Big Data and Artificial intelligence, it is becoming vital for regulators to protect consumers, and at the same time explore the key risks and benefits presented by the use of data. Although innovations in InsurTech are creating opportunities to reach out to new consumer segments, supervisors also face challenges in protecting consumers against new and emerging risks. This call was based on the thematic A2ii report on [Regulating for responsible data innovation](#), which explores how to regulate for responsible data innovation and the role that insurance supervisors play in dealing with consumer data protection and risks.

Supervisors on the call received an expert presentation by Stefanie Zinsmeyer and Andrea Camargo. They were later joined by Elias Omondi from The Insurance Regulatory Authority (IRA, Kenya) and Tim Mullen from the National Association of Insurance Commissioners (NAIC, USA) who presented their experiences from their jurisdictions and highlighted the approaches that have been adopted to discuss consumer data protection and privacy concerns. Kathleen Koehn from The Federal Financial Supervisory Authority (BaFin, Germany) also gave an overview of BaFin's Study on [“Big Data Meets Artificial Intelligence”](#).

The presentations from this call are available on the A2ii website by clicking [here](#). Also keep an eye on the consultation call reports on our website by clicking [here](#), where a short report of this call will be published.

III-lab 3rd International Dialogue, 20-22 February, Nairobi, Kenya

A third international gathering of the Inclusive Insurance Innovation Lab took place in Nairobi, Kenya from 20-22 February. The Insurance Regulatory Authority of Kenya hosted this meeting. At this meeting, participants had the opportunity to offer peer support to sustain and move their innovations forward. The workshop focused on building effective and strategic partnerships with external stakeholders.

To learn about the lab process and the results, please click here to view the [video](#).

Upcoming Events**A2ii-IAIS Consultation Call, “RegTech and SupTech: Implications for Supervision”, 21 March**

On 21 March, the A2ii and IAIS will be hosting a consultation call on “RegTech and SupTech: Implications for Supervision”. This webinar will take place in French, Spanish and English, and provide an opportunity for supervisors to learn about the implications of automated systems and processes involving the current use of supervisory technology (SupTech), and regulatory technology (RegTech) on supervisory work. Supervisors on the call will hear from experts from the Toronto Centre and the Financial Stability Institute on its report on the same theme: [“Innovative technology in financial supervision \(suptech\) – the experience of early users”](#).

To register for this consultation call, please follow this [link](#).

About the IAIS

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions. The mission of the IAIS is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability.

Established in 1994, the IAIS is the international standard setting body responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation. The IAIS also provides a forum for Members to share their experiences and understanding of insurance supervision and insurance markets.

The IAIS coordinates its work with other international financial policymakers and associations of supervisors or regulators, and assists in shaping financial systems globally. In particular, the IAIS is a member of the Financial Stability Board (FSB), member of the Standards Advisory Council of the International Accounting Standards Board (IASB) and partner in the Access to Insurance Initiative (A2ii). In recognition of its collective expertise, the IAIS also is routinely called upon by the G20 leaders and other international standard-setting bodies for input on insurance issues as well as on issues related to the regulation and supervision of the global financial sector.

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