

Newsletter

November 2017

Issue 70



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Did You Know?

Did you know that “inclusive insurance” and “access to insurance” are not issues limited to emerging markets and developing economies? The terms “inclusion” and “access” are often used synonymously, representing a concept broader than microinsurance. They relate to all insurance products aimed at the excluded or underserved market, rather than just those aimed at the poor or a narrow conception of the low-income market, while microinsurance is specifically aimed at low-income populations. (From IAIS, *Application Paper on MCCOs in Increasing Access to Insurance Markets*, p 5, 12 Sept 2017.)

Calendar Notes

Reserve the dates:

- 26-27 July 2018: 11th Annual Global Seminar, Moscow
- 8-9 November 2018: 25th IAIS Annual Conference, Luxembourg

From the Secretary General

It has been just three weeks since I became Secretary General following our Annual Conference in Kuala Lumpur. I appreciate the many expressions of support I have received and look forward to working with each of you to achieve our shared goals.



Working alongside many of you over the past eight years, whether as a member of the Executive Committee or Implementation Committee Chair, I have developed a deep belief in what the IAIS stands for: one, we are an inclusive Association; two, we continually demonstrate how people from different regulatory regimes with different interests and perspectives can work together to find joint solutions towards a common goal; and three, we know how to make tough decisions through robust dialogue.

These are exciting times for our Association, with several major projects set to be delivered in the near term and new issues emerging. My job is to help Members succeed in achieving IAIS goals. Right now, this means delivering on our current commitments to help promote a more stable global financial system, being alert to emerging risks and opportunities, and preparing to pivot to an increased focus on assessing and supporting implementation of agreed global standards among our Members.

Thanks to your service, the IAIS is on a remarkable trajectory. As we prepare for the next phase, I'd like to recognise the tremendous contribution that Yoshihiro Kawai made as Secretary General. He helped build a solid foundation for the work ahead. I am honoured to lead the Secretariat and eagerly anticipate the shared conversations to come.

Jonathan Dixon, Secretary General



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

In Focus...**IAIS Annual Conference Concludes, Having Drawn Record Crowd**

Week marked by lively panel discussions, agreement on a unified path to convergence on group capital standards and adoption of a new supervisory paper

After a rousing farewell tribute to retiring IAIS Secretary General Yoshihiro Kawai, the IAIS concluded its 24th Annual Conference on 3 November, preceded by the General Meeting of Members (see related article [here](#)) and three days of committee meetings. As the new IAIS Secretary General Jonathan Dixon described the events, “This has been an exceptional week of accomplishments, from key agreements on group capital standards and the delivery of capacity building in actuarial services, to approval of revisions to Insurance Core Principles (ICPs) and adoption of a new supervisory paper, along with engaging panel discussions on forward-looking topics”.



Hosted by Bank Negara Malaysia, the IAIS Annual Conference drew a record crowd to Kuala Lumpur, Malaysia, for two days of dialogue and discussion. In keeping with the conference theme, panellists “looked beyond” the status quo to consider the future of the IAIS and the global supervisory landscape, financial education for insurance consumers, insurer business models and distribution strategies, and increasing access to insurance. The conference included a panel on the status of major IAIS projects.



In committee meetings preceding the Annual Conference, the Executive Committee reached an agreement on a unified path to convergence of group capital standards in furtherance of its ultimate goal of a single Insurance Capital Standard (ICS) that achieves comparable outcomes across jurisdictions (see related article [here](#)). It also adopted an Application Paper on Group Corporate Governance. In parallel sessions, the IAIS held the first of three scheduled stakeholder meetings to receive comments on ICS

Version 1.0 for extended field testing, as well as a Roundtable Discussion on Takaful. Finally, the IAIS signed a global partnership agreement with the International Actuarial Association (IAA) and the Access to Insurance Initiative (A2ii) to enhance the actuarial skills of supervisory authorities (see related article [here](#)).

Muhammad bin Ibrahim, FCB, Governor of Bank Negara Malaysia and Woody Mo, President and Chief Executive Officer of eBao Tech, delivered the keynote addresses. In a special tribute, conference attendees also honoured outgoing IAIS Secretary General Yoshihiro Kawai for nearly 20 years of service to the IAIS.



The conference programme can be viewed [here](#). An audio/video recording of the conference, along with any slide presentations, will be posted to the website soon.

IAIS Annual General Meeting

At the Annual General Meeting (General Meeting) on 2 November, Members completed a full slate of agenda items, from approval of new supervisory material and the 2016 Annual Report, to adoption of by-law amendments and admission of new Members.

Adoption of Supervisory Material and Receipt of Supporting Material

The General Meeting approved revised ICPs 13 (Reinsurance and Other Forms of Risk Transfer), 18 (Intermediaries) and 19 (Conduct of Business).

Receipt of Supervisory and Supporting Material for Information

The General Meeting received the following supervisory and supporting material for information:

- The draft revised Introduction and Assessment Methodology and draft revised ICPs 1 (Objectives, Powers and Responsibilities of the Supervisor); ICP 2 (Supervisor); ICP 3 (Information Exchange and Confidentiality Requirements); ICP 9 (Supervisory Review and Reporting); ICP 10 (Preventative Measures, Corrective Measures and Sanctions); ICP 12 (Resolution and Exit from the Market); and ICP 25 (Supervisory Cooperation and Coordination). As previously announced, these will be published as Executive Committee-endorsed drafts and published on the IAIS website for information purposes until final adoption at the General Meeting in 2019.
- The *Application Paper on Group Corporate Governance* and the *Application Paper on the Regulation and Supervision of Mutuals, Cooperatives and Community-based Organisations in increasing access to insurance Markets*. These were previously approved by the Executive Committee.

Report of the Secretary General and Adoption of the 2016 Annual Report and Audited Financial Statements

Yoshihiro Kawai gave his final annual report as Secretary General of the IAIS, providing a brief retrospective of the work and evolution of the IAIS and expressing his gratitude in being part of this association. Describing the 20-year history of the IAIS as one of “making it happen” and “making the impossible, possible”, he credited a shared mission, cooperation, dialogue and discussion. Following his remarks, the General Meeting approved the Annual Report of activities in 2016 (including the 2016 audited financial statements of the association). To view the 2016 Annual Report, please click [here](#).

Annual Address of the Executive Committee Chair

Executive Committee Chair Victoria Saporta addressed the membership on IAIS progress in delivering on the three pillars of IAIS strategy: standard setting; spotting, assessing and responding to emerging risks; and implementation and assessment. In standard-setting, Chair Saporta discussed ComFrame and the ICS, as well as IAIS work in financial stability. Concerning emerging risks, she covered FinTech, cyber risk and climate change. In implementation, she highlighted several key IAIS initiatives, including the new global partnership between the IAIS, IAA and the A2ii, signed in Kuala Lumpur on 1 November (please see article [here](#)).

After discussing “what” the IAIS had accomplished, she described the “how” as being equally important. Chair Saporta pointed to the IAIS approach to transparency and stakeholder engagement as a shining example among the international standard-setting community and the stakeholder engagement plan adopted in 2017 as “bold and far-reaching”. She also summarized the changes in the IAIS governance structure as being “integral to our decision making process”. In concluding, Chair Saporta characterized 2017 as another remarkable year for the IAIS and the leadership it is providing within the global financial sector and individual insurance markets.

Executive Committee Elections

The General Meeting (re)elected the following as Members of the Executive Committee.

Region	Name	Jurisdiction
Asia	Hern Shin Ho	Singapore
Asia	Thai Salas Vijayan *	India
Asia	Taeguk Jin *	Korea (Republic of)
Asia	Wenhui Chen	China
Latin America	Carlos Pavez Tolosa *	Chile
Middle East and North Africa	Ebrahim Obaid Al Zaabi *	United Arab Emirates
Middle East and North Africa	Hassan Boubrik *	Morocco
North America	Norma Rosas Rodriguez *	Mexico
North America	Katherine Wade	USA, Connecticut
North America	Julie Mix McPeak *	USA, Tennessee
Oceania	Geoff Summerhayes	Australia
Offshore and Caribbean	Michele Fields *	Bahamas
Sub-Sahara Africa	Dube Tshidi	South Africa
Western Europe	Gabriel Bernardino *	European Union
Western Europe	Alberto Corinti	Italy

For a complete list of Executive Committee members, please click [here](#). Those in the table denoted with an asterisk (*) were re-elected.

Admission of New Members

The General Meeting admitted the following new Members:

- Canada – Financial Institutions Commission of British Columbia (FICOM)
- Congo (Democratic Republic of) – Insurance Regulatory and Supervisory Authority (ARCA)
- Ecuador – Superintendencia de Compañías, Valores y Seguros
- International – Bank for International Settlements (Financial Stability Institute)

Adoption of By-Law Amendments

The General Meeting adopted amendments to the IAIS By-Laws to reflect changes to the IAIS committee structure effective 1 January 2018.

News Updates

IAIS Announces Unified Path to Convergence on ICS Version 2.0

On 2 November, during its Annual Conference in Kuala Lumpur, Malaysia, the IAIS announced a unified path to convergence of group capital standards in furtherance of its ultimate goal of a single ICS that achieves comparable outcomes across jurisdictions. This pivotal agreement responds to a call from Members and stakeholders for more clarity on what the implementation of ICS Version 2.0 will mean in practice.

Victoria Saporta, Chair of the IAIS Executive Committee, said: “By reaching this agreement, the IAIS will achieve its aim of creating a common language for supervisory discussions of group solvency. We have reflected the priorities of our Members and made significant progress towards our ultimate goal”.

In the development of ICS Version 1.0 for extended field testing and the years of field testing preceding it, the IAIS has had the opportunity to learn and appreciate the commonalities and differences among solvency regimes across the range of jurisdictions where head offices of Internationally Active Insurance Groups (IAIGs) reside. There are many practical implementation issues to consider for the ICS to be

implemented as a Prescribed Capital Requirement (PCR). The IAIS is aware that stakeholders have been calling for greater clarity on what the implementation of the ICS, following the completion of field testing in 2019, will mean in practice.

“By reaching this agreement, the IAIS will achieve its aim of creating a common language for supervisory discussions of group solvency”.

--Victoria Saporta, Chair, IAIS Executive Committee

The IAIS has agreed that implementation

of ICS Version 2.0 will be conducted in two phases:

1. In the first phase, referred to as the “monitoring period”, ICS Version 2.0 will be used for confidential reporting to group-wide supervisors and discussion in supervisory colleges. The ICS will not be used as a PCR in this phase (ie the ICS results will not be used as a basis to trigger supervisory action). This will allow group-wide supervisors and host supervisors to discuss and assess the ICS in comparison with existing group capital standards or calculations that are in development. The monitoring period will last for five years.
2. The second phase will be “implementation of the ICS as a group-wide PCR”.

Hiroshi Ota, Deputy Commissioner for International Affairs at the Japan Financial Services Agency and Vice Chair of the IAIS Executive Committee, said: “Despite coming from different economies and societies, with this agreement we have once again shown how our Members can come together to accomplish great things. While Members

have at times expressed different opinions, our aim has been the same - to help the insurance market be more stable and resilient while continuing to look forward”.

“Despite coming from different economies and societies, with this agreement we have once again shown how our Members can come together to accomplish great things”.

--Hiroshi Ota, Japan Financial Services Agency

Implementation of ICS Version 2.0 will have two equally important components:

1. Mandatory confidential reporting by all IAIGs of a reference ICS which is based on market-adjusted valuation (MAV), the standard method for capital requirements and converged criteria for qualifying capital resources.
2. Additional reporting, at the option of the group-wide supervisor, of ICS based on GAAP Plus valuation and/or an internal model-based capital requirement calculation.

The reference ICS will provide a basis for comparison across IAIGs, and over time, during the monitoring period. The reference ICS could include a limited number of national discretions for issues that cannot be resolved. If national discretions are used, the impact of those national discretions should be reconcilable.

“This agreement achieves the clarity we needed for the way forward. When we reach the ultimate goal, we will look back on the agreement forged in Kuala Lumpur as a watershed moment in the development of the ICS”.

--Gabriel Bernardino, Chair, EIOPA

The reference ICS and additional reporting at the option of the group-wide supervisor within ICS Version 2.0 are equally important components. Both GAAP Plus and internal models are viable options that will be considered for inclusion in the ICS by the end of the monitoring period. GAAP Plus valuations are based on the different GAAP applicable in jurisdictions and some

of them may be subject to changes in the coming year. The choice of MAV for the reference ICS is due to its construction as a stable, comparable IAIS developed valuation basis.

The IAIS embarked on the development of the ICS to create a common language for supervisory discussions of group solvency to enhance global convergence among group capital standards. Setting out goals for the development of the ICS (i.e. Version 1.0, Version 2.0 and the Ultimate Goal) indicated the need to take a carefully considered step-by-step approach to this convergence process. The decision to take a two-phase approach to the implementation of ICS Version 2.0 is a further demonstration of this stepwise convergence process.

At the same time, the United States has announced an important and significant development in its regulatory regime. The NAIC and Federal Reserve Board are both developing an aggregation method to a group capital calculation, with the support of the Federal Insurance Office. The IAIS recognises that the aggregation method is still at an early stage of development. The IAIS has agreed to collect data from interested jurisdictions relevant to the development of the aggregation method. Although this is not part of ICS Version 2.0, the IAIS appreciates the significance of this development, and so it will collect data from interested jurisdictions that will aid in the development of the aggregation method. Through this approach, the IAIS aims to be in a position by the end of the monitoring period to assess whether the aggregation method provides comparable, ie substantially the same (in the sense of the ultimate goal), outcomes to the ICS. If so, it will be considered an outcome-equivalent approach for implementation of the ICS as a PCR.

“This is a remarkable accomplishment, achieved through a lot of give and take. It has been said that it is always darkest before the dawn and with this path forward on Version 2.0, we have our dawn. We look forward to continuing to be part of the important work ahead”.

--Ted Nickel, President, NAIC

Ted Nickel, Wisconsin (USA) Insurance Commissioner and President of the National Association of Insurance Commissioners (NAIC), said: “This is a remarkable accomplishment, achieved through a lot of give and take. It has been said that it is always darkest before the dawn and with this path forward on Version 2.0, we have our dawn. We look forward to continuing to be part of the important work ahead”.

Overall, this stepwise approach will enable a collective response to the ultimate goal of providing comparable outcomes for the group-wide supervision of IAIGs across the world.

As Gabriel Bernardino, Chair of the European Insurance and Occupational Pensions Authority, said: “This agreement achieves the clarity we needed for the way forward. When we reach the ultimate goal, we will look back on the agreement forged in Kuala Lumpur as a watershed moment in the development of the ICS”.

More information, including the details of the Kuala Lumpur Agreement, can be found on the IAIS website or by clicking [here](#).

Global Agreement to Enhance Actuarial Skills Announced in Kuala Lumpur

On 1 November, the IAIS, IAA and A2ii signed a five-year agreement at the IAIS Annual Conference in Kuala Lumpur, Malaysia to enhance the actuarial skills of supervisory authorities. Victoria Saporta, IAIS Executive Committee Chair, said: “The IAIS is pleased to be a founding partner of this new initiative and looks forward to seeing the delivery of actuarial capacity building for IAIS members. This will help address a long-standing need of insurance supervisors and directly benefit the supervisors and the insurers they supervise”.



The key outcomes will be the development and delivery of supervisory capacity building training programs on actuarial services.

All three organisations recognise the need to develop actuarial skills in supervisors, particularly those from emerging market and developing economies. Peter Braumüller, A2ii Governing Council Chair, said: “Working with insurance supervisors in Latin America, Africa and Asia, the A2ii has seen the challenges insurance supervisors face in trying to move their markets towards a more risk-based approach to setting capital requirements when little or no local actuarial expertise is available. The A2ii is delighted to partner with the IAA and IAIS to address this gap and expand our supervisory capacity building”.

Actuarial skills are essential to the prudential supervision of insurers in such matters as determining and managing policy liabilities, setting appropriate premiums and managing capital requirements. This skill set provides support for enterprise-wide risk management in financial services and more widely for long-term policyholder protection. Thomas S. Terry, IAA President, said: “The IAA is pleased to be a partner and integral contributor to this exciting and important global initiative. We fully support the need for actuarial capacity building, especially in emerging markets, with respect to both financial services supervisors and the industries they supervise. The partners to this initiative share a common commitment to the public interest and the long-term interests of all policyholders”.

To view the executed agreement, please click [here](#).

Oklahoma (USA) Becomes Latest Signatory to the IAIS Multilateral Memorandum of Understanding

On 1 November 2017, the Oklahoma (USA) Insurance Department joined the IAIS’ international supervisory cooperation and information exchange agreement. Since the first jurisdiction was admitted in June 2009, membership in the IAIS’ Multilateral Memorandum of Understanding (MMoU) has grown significantly to now include 64 signatories representing more than 70 percent of worldwide premium volume.

“I am pleased that the Oklahoma Insurance Department has become a signatory to the IAIS MMoU,” stated John Doak, Oklahoma Insurance Commissioner. “As a member of the IAIS, the Oklahoma Insurance Department contributes to the development of international supervisory standards. This agreement strengthens our ability to work co-operatively with other supervisors and monitor large cross-border insurers. This cooperation is critically important to promoting effective supervision and protecting Oklahoma consumers.”

“We are pleased to welcome Oklahoma as the latest signatory to the MMoU”, said Victoria Saporta, IAIS Executive Committee Chair. “In order to achieve our ultimate goal of policyholder protection within the global insurance marketplace,” Ms. Saporta noted, “an insurance supervisor must be able to cooperate quickly and effectively. The MMoU is an essential regulatory tool – not only in crisis situations, but on a day-to-day basis – for supervisors to foster safer and more stable insurance markets.”



The MMoU is a global framework for cooperation and information exchange among insurance supervisors. It sets minimum standards to which signatories must adhere. All applicants are subject to review and approval by an independent team of IAIS Members. Through membership in the MMoU, supervisors are able to exchange relevant information with and provide assistance to other signatories, thereby promoting the financial stability and sound supervision of cross-border insurance operations for the benefit and protection of consumers.

IAIS Names Chief Operating Officer and Head of Implementation

Effective 1 November 2017, the IAIS has named Andrew Stolfi as IAIS Chief Operating Officer and Conor Donaldson as IAIS Head of Implementation. Both bring substantial experience in their respective areas and a demonstrated commitment to the IAIS membership and mission.

Mr Stolfi will lead and manage the internal operations of the Secretariat, including finance, human resources, administrative support, communications, legal and risk functions. Mr Donaldson will lead and manage IAIS work on assessment and implementation of international standards for insurance supervision. As members of the IAIS senior management team, both will also join in overseeing the functioning of the Secretariat and will report to and act upon the instructions of the Secretary General.

Mr Stolfi joined the IAIS in 2012 as a Senior Policy Advisor, Chief Counsel and Communications Officer. He has been responsible for providing strategic and legal advice to the Secretary General and IAIS Members on a broad range of issues related to his appointment as Chief Operating Officer, including human resources, administrative support, communications, risk management, legal, human resources and operation functions. He joined the Secretariat management team last year and has been managing most of these responsibilities in a temporary capacity since early-2017.

Prior to joining the IAIS, Mr Stolfi served in a number of related positions, from Acting Director, Chief of Staff and Special Counsel at the Illinois (USA) Department of Insurance, to attorney and policy analyst in the Office of the Governor for the State of Illinois.

Mr Donaldson joined the IAIS in July 2012 and currently serves as Manager of Implementation, having also joined the Secretariat management team last year. In his current role, he provides support for the Implementation Committee, the Implementation Committee Working Party Chairs and the IAIS assessment programme. Mr Donaldson also advocates on behalf of IAIS Members in global forums related to implementation of international standards and works closely with implementation partners of the IAIS, such as the World Bank, International Monetary Fund, A2ii, Asian Development Bank, and others to advance capacity building initiatives. He is a member of the Toronto Centre's Advisory Board

on Insurance and Pensions, the Financial Stability Board's Implementation Monitoring Network, and is a regular speaker and contributor to seminars and training events.

Prior to joining the IAIS, Mr Donaldson held a number of progressively senior roles within the Government of British Columbia (Canada), with his most recent being a senior policy advisor in the Ministry of Finance.

Stakeholder Engagement

IAIS Extends Deadline for Submitting Comments for Public Consultation

In response to requests from stakeholders, the deadline for submitting comments for the public consultation on the draft revised ICPs 8 (Risk Management and Internal Controls), 15 (Investments), 16 (Enterprise Risk Management for Solvency Purposes); the ComFrame material integrated with these ICPs; and the proposed definitions of enterprise risk management-related terms have been extended from Monday, 8 January 2018, until the following:

- **Monday, 15 January 2018**, for revised ICP 8 and additional ComFrame material integrated with ICP 8.
- **Wednesday, 31 January 2018**, for revised ICPs 15 and 16; ComFrame material integrated with these two ICPs; and the proposed definitions of enterprise risk management-related terms.

Further details can be found [here](#).

IAIS Schedules Two Additional ICS Stakeholder Meetings

The IAIS is pleased to confirm two regional stakeholder meetings on the ICS, in addition to the meeting held in Kuala Lumpur on 1 November. The additional meetings will be held as follows:

- Tuesday, 5 December 2017, 13:30-17:30, Basel
- Saturday, 13 January 2018, 14:00-18:00, Nashville (USA)

On 21 July 2017, the IAIS published ICS Version 1.0 for extended field testing. In that document, the IAIS stated that stakeholders may provide comments on ICS Version 1.0 for extended field testing for consideration in the development of ICS Version 2.0. These stakeholder meetings are intended to provide a forum for comments. Stakeholders are invited to make presentations on key issues.

The Basel stakeholder meeting is intended primarily for European stakeholders, although stakeholders from other regions are welcome to attend and present. The Nashville stakeholder meeting is intended primarily for North American stakeholders, although again, stakeholders from other regions are welcome to attend and present.

To register for the Basel stakeholder meeting, please click [here](#). Registration details for the Nashville (USA) stakeholder meeting will be forthcoming soon. However, stakeholders interested in making a presentation at the Nashville meeting should contact Danita Pattemore and Becky Easland via email ([link](#)) by 18:00 Basel time, Friday 29 December. Please specify the topics you would like to cover. Presentation materials for this meeting should be submitted no later than 18:00 Basel time, Friday, 5 January 2018.

Please note that without sufficient participation from stakeholders and commitments to present, these meetings are subject to cancellation. Early confirmation of presentations and registration is appreciated in order to confirm the meetings.

Meetings and Events

Upcoming IAIS Meetings: November 2017 – January 2018

The following meetings will be held in Basel unless otherwise noted. Members should visit the IAIS website at www.iaisweb.org for more information on a specific meeting and to confirm dates and locations.

Date	Group
2017	
28-30 Nov	G-SII Analyst Working Group (Tokyo)
4-5 Dec	Market Conduct Working Group
5 Dec	ICS Stakeholder Meeting
6-7 Dec	Accounting and Auditing Working Group (Paris)
11-15 Dec	Capital, Solvency and Field Testing Working Group (Paris)
12-13 Dec	Insurance Groups Working Group
12-14 Dec	Financial Crime Task Force (Singapore)
2018	
10-11 Jan	Resolution Working Group (Washington DC)
13 Jan	ICS Stakeholder Meeting (Nashville, USA)
15-16 Jan	Executive Committee (Nashville, USA)
17-18 Jan	Systemic Risk Assessment Task Force (Nashville, USA)

Stakeholder Meetings

For information about any planned stakeholder meetings, please visit the Stakeholder Meetings page of the IAIS website by clicking [here](#).

Seminars and Training

Upcoming: ASSAL-IAIS Regional Seminar on Training for Insurance Supervisors of Latin America, 29 November-1 December, Montevideo, Uruguay

This seminar is a high-level training programme for insurance supervisors in Latin America. The event is being organised by the Central Bank of Uruguay, co-organised by the Association of Latin American Insurance Supervisors (ASSAL) and the IAIS. Topics of the seminar include risk-based supervision, risk management and internal controls, reinsurance, corporate governance, market conduct and other issues. For more information, please visit <http://www.assalweb.org/>.

Recent: GIICS Mid-Level 3-Day Training Seminar, 21-23 November 2017, Bermuda

The regional seminar was hosted by the Bermuda Monetary Authority and co-organised by the Group of International Insurance Centre Supervisors (GIICS) and the IAIS. The key objective of this regional seminar was to share knowledge and experience between the different jurisdictions in such areas as captive supervision, enforcement action, off-shore reinsurance and AML issues. For more information, please refer to the GIICS website: <https://www.giics.org>.

Committee and Subcommittee Activities

Committee Activities

Appointments of Chairs and Vice Chairs

The Selection Committee has recently made the following (re)appointments:

- Markus Grund (Germany) as Chair of the Accounting and Auditing Working Group
- Sanders Shaffer (USA, Fed) as Vice Chair of the Capital, Solvency and Field Testing Working Group
- Phil Goodman (USA, FIO) as Chair of the Financial Crime Task Force
- Sebastian von Dahlen (Germany) as Chair of the G-SII Analysts Working Group
- Tom Crossland (UK, PRA) as Chair of the Insurance Groups Working Group
- Justin Schrader (USA, Nebraska) as Vice Chair of the Insurance Groups Working Group
- Michael Saadat (Australia, ASIC) as Chair of the Market Conduct Working Group
- Ed Toy (USA, NAIC) as Chair of the Macroprudential Policy and Surveillance Working Group
- Jose Gerardo Lopez Hoyo (Mexico) and Alhaj Kaddunabbi Ibrahim Lubega (Uganda) to the A2ii Governing Council
- Alex Hart (USA, FIO) as Vice Chair of the Resolution Working Group
- Ryan Workman (USA, NAIC) as Chair of the Supervisory Material Review Task Force

The Executive Committee has recently made the following (re)appointments:

- Ryan Workman (USA, NAIC) as Vice Chair of the Budget Committee
- Li Tang (China) as Vice Chair of the Implementation Committee

Executive Committee

The Executive Committee met on 1-2 November in Kuala Lumpur, where it discussed or decided numerous matters including:

1) New Committee mandates. Following its decision on 6 October to resolve the Financial Stability and Technical Committee and Systemic Risk Assessment Task Force into two new committees and to rename the Implementation Committee to better reflect its role, the committee approved the mandates of the Implementation and Assessment, Policy Development and Macroprudential Committees. These new committees will take effect as of 1 January 2018. A nomination period for Chairs and Vice Chairs is currently open.

2) ICS Version 2.0. The Committee reached a significant milestone by agreeing on a unified path to convergence for the ICS (see related article [here](#)).

3) 2018-19 Roadmap. The Committee approved the Association's next Roadmap, which is a compilation of all the projects being undertaken. In accordance with the recently adopted stakeholder engagement plan, a master schedule of project timelines for major IAIS workstreams covering a 12-month period will soon be made publicly available.

4) Supervisory and Supporting Material. The Committee also adopted, approved or endorsed numerous ICPs as well as an Application Paper on Group Corporate Governance. Several were presented for subsequent adoption by the General Meeting, while others were submitted for information purposes (see related article [here](#)).

The Committee also re-elected Julie McPeak as a Vice Chair of the Executive Committee.

Secretariat Support: andrew.stolfi@bis.org

Financial Stability and Technical Committee

At its 31 October meeting in Kuala Lumpur, the Financial Stability and Technical Committee:

1) Approved draft revised ICPs 13 (Reinsurance and other Forms of Risk Transfer), 18 (Intermediaries) and 19 (Conduct of Business) for Executive Committee endorsement followed by adoption at the Annual General Meeting.

2) Approved draft revisions to ICPs related to ComFrame:

- Introduction and Assessment Methodology, ICP 1 (Objectives, Powers and Responsibilities of the Supervisor);
- ICP 2 (Supervisor);
- ICP 3 (Information Exchange and Confidentiality Requirements);
- ICP 9 (Supervisory Review and Reporting);
- ICP 10 (Preventative Measures, Corrective Measures and Sanctions);
- ICP 12 (Resolution and Exit from the Market); and
- ICP 25 (Supervisory Cooperation and Coordination);

to be submitted for Executive Committee endorsement and publication on the IAIS website for information purposes until final adoption at the General Meeting in 2019.

3) Approved a recommendation to the Executive Committee to approve for public consultation the following draft revised ICPs:

- ICP 8 (Risk Management and Internal Controls);
- ICP 15 (Investment); and
- ICP 16 (Enterprise Risk Management for Solvency Purposes)

and respective ComFrame material integrated with these ICPs; the proposed definitions of Enterprise Risk Management-related terms; and the additional questions on the interaction between the ICS and Enterprise Risk management/Own Risk and Solvency Assessment.

4) Approved the *Application Paper on Group Corporate Governance* for Executive Committee adoption.

5) Agreed to send the template for G-SII Assessment Methodology disclosure documents to the Executive Committee for approval to release.

6) Received initial and tentative results of field testing from the Capital, Solvency and Field Testing Working Group.

7) Received an update from the Financial Crime Task Force on cyber risk underwriting and cybersecurity.

Secretariat Support:
yukiko.kamegawa@bis.org

Implementation Committee

At its 30 October meeting in Kuala Lumpur, Malaysia, the Implementation Committee:

1) Agreed to send the *Application Paper on Product Oversight in Inclusive Insurance* to the Executive Committee for adoption, and to develop a scoping note to look more in-depth at the issue of the use of ratios by supervisors;

2) Discussed the IAIS Assessment Approach for 2018 and agreed to launch the Peer Review Process for two thematic areas in 2018 – Mandate and Supervising Powers (ICPs 1 and 2) and Corporate and Risk Governance (ICPs 4,5,7, and 8); and

3) Discussed a revised Coordinated Implementation Framework and requested additional feedback from committee members.

Secretariat Support: carole.lin@bis.org

Subcommittee Activities

Accounting and Auditing Working Group

The next meeting of the Accounting and Auditing Working Group will be held in Paris on 6-7 December. The agenda includes:

- Drafting an IAIS comment letter on the Monitoring Group Consultation [Strengthening the Governance and Oversight of the International Audit-related Standard-Setting Boards in the Public Interest](#);
- Advancing the draft revised ICP 20 (Public Disclosure); and
- Discussing jurisdictional activities relating to recent and anticipated accounting changes pertinent to insurers.

Secretariat Support: mark.causevic@bis.org

Capital, Solvency and Field Testing Working Group

The Capital, Solvency and Field Testing Working Group (CSFWG) met in Basel from 16-18 October to discuss the results of the first week of data analysis for 2017 Field Testing. Further progress was also made in discussions on the review of the base yield curve.

The Field Testing Analysis Team (FTAT) then met from 18-20 October to continue data analysis. The focus of the first two weeks of data analysis has been on verifying the data and sending questions to Volunteer Groups to confirm the data submitted. The FTAT will continue meeting monthly through February 2018. The CSFWG will host a Volunteer Workshop on 4 December to discuss initial results of 2017 Field Testing.

The IAIS held an ICS Stakeholder Meeting on 1 November in Kuala Lumpur, one day prior to the start of the IAIS Annual Conference. A number of stakeholders attended and provided constructive feedback on ICS Version 1.0 for extended field testing. The slide decks presented during this meeting are available on

the IAIS website at the following address: <https://www.iaisweb.org/page/events/stakeholder-meetings>.

In addition, the IAIS has scheduled two additional regional stakeholder meetings on the ICS:

- 5 December 2017, 13:30-17:30, Basel
- 13 January 2018, 14:00-18:00, Nashville (USA)

These stakeholder meetings are intended to provide stakeholders with a regional forum to provide comment on ICS Version 1.0 for extended field testing, although stakeholders from other regions are welcome to attend and present (see article [here](#) for details related to registration and making presentations).

Please note that without sufficient participation from stakeholders and commitments to present, these meetings are subject to cancellation. Early confirmation of presentations and registration is appreciated in order to confirm the meetings.

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Financial Inclusion Working Group

The *Application Paper on Product Oversight in Inclusive Insurance* has been approved by the Implementation Committee.

The draft *Issues Paper on Index-based Insurance* is currently going through the approval process for release for public consultation later this year.

The draft *Application Paper on the Use of Digital Technology in Inclusive Insurance* has been sent to the Implementation Committee for comments. After consideration of comments from the Implementation Committee, it is expected that the paper will be prepared for release for public consultation early next year.

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Market Conduct Working Group

Following adoption of ICPs 18 (Intermediaries) and 19 (Conduct of Business) by the General Meeting in Kuala Lumpur, the Secretariat convened a stakeholder feedback call on 13 November 2017.

During this call, the Secretariat explained the resolutions to the draft ICPs submitted in the public consultation.

The next meeting of the Market Conduct Working Group will be on 4-5 December in Basel. The agenda includes a discussion on the development of the *Issues Paper on Digital Technology*.

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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.

A2ii welcomes new Chair and Governing Council members



The A2ii has selected **Peter Braumüller** as the new Chair of its Governing Council and Executive Committee. He succeeds Jonathan Dixon, who departed the South African Financial Services Board to take up a new position as IAIS Secretary General.

Peter Braumüller is the Managing Director of Insurance and Pensions Supervision at the Austrian Supervisory Authority. He brings a passion for increasing access to insurance and a wealth of experience in senior positions, including serving for six years as IAIS Executive Committee Chair.

The A2ii also announced the appointment of three new members to the A2ii Governing Council:

- Ibrahim Kaddunabbi Lubega (Ugandan Insurance Regulatory Authority),
- Li Tang from the Chinese Insurance and Regulatory Commission (CIRC). She is also vice-chair of the IAIS's Implementation Committee.
- José Gerardo López Hoyo from the Insurance and Surety National Commission of Mexico (CNSF).

Recent events

Meeting of the G20 Global Partnership for Financial Inclusion (GPFI), 12 October 2017, Washington, DC

A2ii participated in the last meeting of the G20 Global Partnership for Financial Inclusion (GPFI) under the German G20 Presidency. One key topic addressed was data protection in digital financial services in the light of the [G20 High-Level Principles for Digital Financial Inclusion](#). Members also discussed the financial inclusion of forcibly displaced persons. The incoming Argentine Presidency introduced its priorities for 2018 and discussed these with the GPFI members.



A2ii is an Affiliated Member of the GPFI's Regulation and Standard-Setting Bodies Subgroup. More information on the GPFI is available [here](#).

A2ii on regulatory panel at 25th FAIR conference, 10 October 2017, Manama, Kingdom of Bahrain

Participants on the panel on regulatory affairs at the 25th conference of the Federation of Afro-Asian Insurers & Reinsurers discussed the supervisor's role in deepening insurance penetration and how to balance the opportunities and threats associated with innovative technologies.

Insurance Development Forum Microinsurance Working Group Seminar, 16 October 2017, London

The A2ii participated in the first meeting of the Insurance Development Forum Microinsurance Working Group. BlueMarble and the

International Cooperative and Mutual Insurance Federation (ICMIF) co-chaired the meeting

The seminar provided an opportunity for members to share case studies on efforts underway to cover more low income people against climate change related risks. Together, these efforts are intended to contribute to the target set under the German G7 presidency of insuring 400 million more low income people between 2015-2020 against climate-related risks.

The A2ii welcomed a reference made by both the Department for International Development and the German Ministry for Economic Development and Cooperation on the need for the group to focus also on the development of an enabling regulatory environment. It was emphasised that, without an enabling environment, new policies to protect individuals and businesses against climate-related risks, might not be feasible or even possible in some markets.

Global Action Network Meeting (GAN), 17-18 October 2017, Geneva, Switzerland

On 17-18 October, the A2ii participated in an event organized by the Global Action Network and hosted by the International Labor Organization to discuss the way forward in achieving greater scale and impact with agriculture insurance. About 30 participants took part, including academics, researchers, consultants, donor community, development agencies and industry practitioners. Preliminary discussions centred on how assessment tools created under the Global Action Network can address challenges inherent to agriculture insurance. The participants expressed the need for research and data collection in support of the development of agriculture insurance. The transition of schemes out of the pilot phase and the sustainability of index-based insurance were some of the main topics discussed along with the need for continuous improvement in cooperation between government agencies and regulators.

Recent publications

A2ii Annual Report: Empowering Regulators – Developing Communities (in English, Spanish and French)



On 30 October 2017, the A2ii published its Annual Report covering the period from October 2016 through September 2017. In the report, the A2ii identifies the key trends that have marked

the reporting period: digital financial inclusion, mass distribution channels, insurance as a tool to support disaster recovery relief and the role of insurance in helping countries implement the 2030 Agenda for Sustainable Development.

The report is available [here](#).

Regulatory Impact Assessments: Microinsurance Regulations in Peru and the Philippines



The A2ii and the International Labour Organization through its Impact Insurance Facility commissioned this study to assess the impact of microinsurance regulatory

frameworks on developing inclusive insurance markets by way of a Regulatory Impact Assessment.

The report focuses on the experiences in the Philippines and Peru – two early pioneers in developing microinsurance regulations. The Regulatory Impact Assessment and the accompanying Technical Note are available at this [link](#).

Consultation Call Reports:

The 24th Consultation Call on “Supervising InsurTech” report has been published. On this call, the participants explored emerging technologies and the implications for insurance supervisors, market and consumers. The report is available [here](#) in English. French and Spanish versions will soon be available.

French and Spanish language versions of the Consultation Call on “Proportionate approaches to disclosure of information” are now available.

Spanish versions of the “Proportionality in Practice” reports on Disclosure of Information and Distribution are now available. A French translation is underway and should soon be available.

[Proportionality in practice: Disclosure of information](#) draws on the experiences of Brazil, Pakistan, Peru and El Salvador and examines the practical aspects of disclosure in which supervisors adopt proportionate regulation to encourage the industry to offer inclusive insurance while ensuring consumer protection.

[Proportionality in practice: Distribution](#) examines the practical aspects of distribution where insurance supervisors are flexible and adjust certain supervisory requirements to encourage the insurance industry to offer insurance to the underserved or those excluded from insurance services while protecting consumers. It draws on the experience of Ghana, Mexico and the Philippines.

Financial Stability Institute



The Financial Stability Institute (FSI) was jointly created in 1998 by the Bank for International Settlements and the Basel Committee on Banking Supervision to assist supervisors around the world in improving and strengthening their financial systems.

FSI Advisory Board

The Bank for International Settlements has reactivated the FSI Advisory Board that was originally created in 1998. The Advisory Board will provide strategic advice to help the FSI continue to meet its mandate in a way that is responsive to the changing needs of its key stakeholders around the world. The Advisory Board will comprise a small but diverse group of central bank Governors, heads of financial sector supervision and chairs of standard-setting bodies and regional supervisory groups. Victoria Saporta, Chair of the IAIS Executive Committee is a member of the Advisory Board. Click [here](#) to read the press release.

FSI Insights

The FSI recently launched a new series of publication called FSI Insights. The papers contribute to international discussions on a range of contemporary regulatory and supervisory policy issues and implementation challenges faced by financial sector authorities. The first paper on insurance is FSI Insights No. 4 *Insurance supervisory strategies for a low interest rate environment*. Click [here](#) to access the paper.

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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The publication is available free of charge on the IAIS website (www.iaisweb.org).

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