

# Newsletter

November/December 2018

Issue 82



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

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## A Grand Time in Luxembourg!

A very special thank you to the Commissariat aux Assurances of Luxembourg for a superb job in hosting our recent round of committee meetings, Annual General Meeting and 25th Annual Conference. This edition of the Newsletter includes a Special Report on the week's activities and may be viewed [here](#).

While in Luxembourg, IAIS representatives had an audience with His Royal Highness Grand-Duc Henri, and discussed issues of mutual interest.



## From the Secretary General

As we approach the end of 2018, it is good to reflect on all we have achieved. Our hugely successful committee meetings, Annual General Meeting and 25th Annual Conference in Luxembourg capped off an outstanding year. It was good to see so many of you there – in fact, over 460 participants, an all-time record – and also to be able to deliver on so many key projects.



In sum, we delivered on our commitment to consult on key aspects of our part of the post-crisis reform agenda – ComFrame [including related Insurance Core principles (ICPs) and Insurance Capital Standard (ICS) Version 2.0 for confidential reporting] and a holistic framework for systemic risk in the insurance sector – while also developing extensive guidance on a range of topics forming part of our emerging agenda on FinTech, cyber risk, climate risk and financial inclusion.

In parallel, we have developed a draft Strategic Plan and Financial Outlook for 2020-24 that will set an exciting agenda for the period ahead: assessing the consistent implementation of agreed reforms and an increasing focus on emerging themes of technology and sustainable development.

Lastly, I am pleased to have delivered on the commitments I made when becoming Secretary General just over a year ago: to drive continued improvement in the Secretariat to support our Members as efficiently and effectively as possible; to make sure the IAIS is an inclusive organisation offering value to every Member; and to make sure we advance transparency and robust stakeholder engagement.

I look forward to an exciting 2019!

Jonathan Dixon, Secretary General



For more information or to subscribe to the newsletter and e-mail alerts, please visit [www.iaisweb.org](http://www.iaisweb.org).  
Comments and suggestions are always welcome.

**Special  
Report****Key Achievements Mark Week of IAIS Committee Meetings, Annual General Meeting and 25th Annual Conference**

On 9 November, the IAIS concluded its 25th Annual Conference, preceded by the Annual General Meeting of the membership and three days of committee meetings, in Luxembourg. It was a week marked by key achievements.

“This was a week of extraordinary achievement in advancing current IAIS initiatives and receiving endorsement from our Members on the future strategic priorities for 2020-2024”, stated Jonathan Dixon, IAIS Secretary General. “We are now beginning a pivot to a greater focus on emerging and accelerating trends impacting both our developed and emerging market Members, including FinTech, cyber risks, climate risk and sustainable economic development challenges. As we move towards completion of our current commitments to the finalisation of post-crisis reforms, such as a Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), including a global ICS, our focus will also necessarily shift to the implementation of these agreed standards”.

**Committee Meetings**

In meetings preceding the Annual Conference, the IAIS took a major step forward with respect to another key component of the post-financial crisis reform agenda, namely the development of its holistic framework for the assessment and mitigation of systemic risk in the insurance sector. At its meeting on 7 November, the Executive Committee adopted the public consultation document on the holistic framework, which was published the following week.

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*“This has been a week of extraordinary achievement in advancing current IAIS initiatives and receiving endorsement from our Members on the future strategic priorities for 2020-2024”.*

*--Jonathan Dixon, Secretary General*

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The Executive Committee also endorsed as drafts, revised ICP 8 (Risk Management and Internal Controls, ICP 15 (Investments), ICP 16 (Enterprise Risk Management for Solvency Purposes, ICP 20 (Public Disclosure) to be published for information purposes prior to adoption by the Annual General Meeting in late 2019. In addition, the Executive Committee adopted the following supervisory papers:

- *Issues Paper on Increasing Digitalisation in Insurance and its Potential Impact on Consumer Outcomes.* Developed by the Market Conduct Working Group, the purpose of this paper is to consider the impact of the increasing use of digital technology in insurance on consumer outcomes and insurance supervision in light of ICP 19 (Conduct of Business) with a focus on product design and underwriting along with marketing, sales and distribution aspects of the insurance value chain.
- *Application Paper on Supervision of Insurer Cybersecurity.* Developed by the Financial Crime Task Force, this paper is a follow-up to the *Issues Paper on Cyber Risk to the Insurance Sector*, published in August 2016. The purpose of this paper is to provide further guidance to supervisors seeking to develop or enhance their approach to supervising cyber risk, cybersecurity and cyber resilience, and propose supervisory practices for the insurance sector.
- *Application Paper on the Composition and the Role of the Board.* Developed by the Governance Working Group, the purpose of this paper is to consider the particular challenges in achieving effective supervision of the Board, indicated by the outcome of the Self-Assessment and Peer Review conducted by the IAIS in 2014.

In a subsequent meeting on 8 November, the Executive Committee re-elected Victoria (Vicky) Saporta (UK, PRA), as Chair, and Hiroshi Ota (Japan, JFSA), as a Vice Chair.

For more information on committee activities, please click [here](#).

### **Annual General Meeting**

This was the first Annual General Meeting following the adoption of a new committee structure, effective 1 January 2018. A number of business items were completed, including the adoption of the 2017 Annual Report of activities, approval of the audited financial statements, appointment or reappointment of Executive Committee members and approval of the admission of four new IAIS Members: Croatian Financial Services Supervisory Agency (Croatia), Superintendencia de Seguros (Dominican Republic), Astana Financial Services Authority (Kazakhstan), and Prudential Authority (South Africa).

Executive Committee Chair Vicky Saporta delivered the annual Chair's Address following the report of Secretary General Jonathan Dixon. Chairs Elise Liebers, Alberto Corinti and Jose (Pepe) Lopez Hoyo delivered the respective reports of the Policy Development, Macroprudential and Implementation and Assessment Committees. Peter Braumüller delivered the Budget Committee report, while William Mason presented the Audit and Risk Committee report.



The membership also turned to the future, with Chair Vicky Saporta presenting the draft *Strategic Plan and Financial Outlook for 2020-24*, covering milestones to date, emerging themes, key messages, High-Level Goals, financial outlook and next steps.



The Annual General Meeting adopted revisions to ICP 6 (Change of Control and Portfolio Transfer), and received an update on

Executive Committee-endorsed drafts of revised ICPs 8, 15, 16 and 20.

The membership also approved important governance changes in support of the emerging strategic direction for 2020-24, which will see the Executive Committee increased from 24 to 32 voting members, to include supervisors from both major global insurance markets and a diversity of regional representation from both developed and emerging jurisdictions. These changes will be implemented during Quarter 1, 2019. (See related article in this Newsletter by clicking [here](#).)

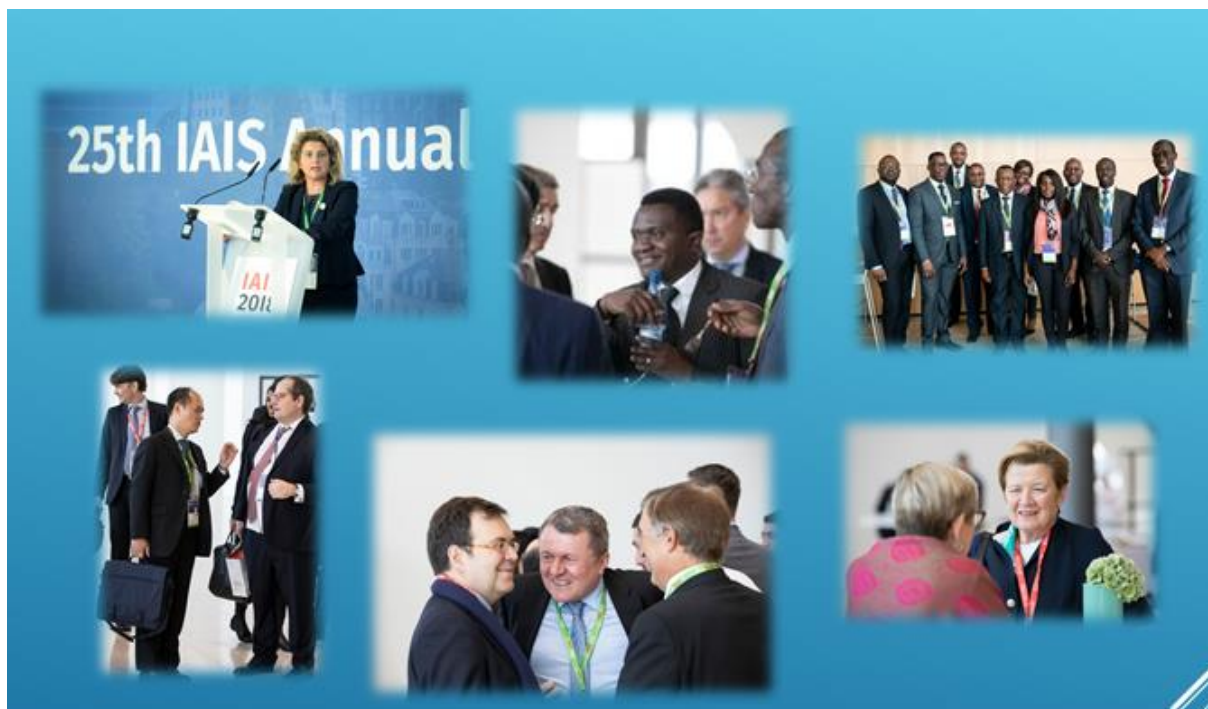
In anticipating next year's conference, host representatives from the Insurance Authority of the United Arab Emirates invited Members to Abu Dhabi with a short video presentation.

### **Annual Conference**



Hosted by the Commissariat aux Assurances, the 25th IAIS Annual Conference drew a record attendance of over 460 participants for one-and-a-half days of lively discussion and audience interaction.

In keeping with the conference theme – “Reimagining insurance” – panellists explored the role of supervisors in supporting sustainable economic development, responding to technology developments related to Big Data and artificial intelligence, closing the protection gap that is becoming more challenging due to climate risk and making the necessary links between prudential and conduct of business supervision. Attendees were welcomed by Secretary General Jonathan Dixon, Executive Committee Chair Vicky Saporta and Pierre Gramegna, the Luxembourg Minister of Finance. Following several photos from the event, is a brief recap of the panel sessions:



### Session 1: Major Projects Update



In a session moderated by Secretary General Jonathan Dixon, the Chairs of the Policy Development, Macroprudential, and Implementation and Assessment Committees [Elise Liebers, Alberto Corinti and Jose (Pepe) Lopez Hoyo, respectively] provided updates on key IAIS initiatives within their respective areas, including revisions to the ICPs and ComFrame, along with progress in developing ICS Version 2.0, and the holistic framework for systemic risk. These projects are all on track, with delivery slated for year-end 2019.

The updates also covered developments in the area of implementation and assessment, with the strategic review of the Coordination Implementation Framework now complete and attention turning to its operationalisation. Significant progress is also being made on several other implementation-related projects, aligning these with the four pillars of implementation.

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## Session 2: A Brave New World of Big Data and Artificial Intelligence – What it Means for the Insurance Sector and Insurance Supervision

Panellists examined the relationship between enhanced data capture and analytic capabilities and artificial intelligence and the implications for the insurance sector. That change, they stated, is driven by consumer experience, innovative technology and competitiveness. Big Data and telematics will prompt a differentiated risk assessment and pricing, reduce risk and administrative burdens and change customer interfaces and distribution channels.



From a consumer perspective, it was noted that this new environment will have an impact on transparency (potentially resulting in a reduction), consumer empowerment (understanding the value), consumer confidence, fairness and affordability. Consequently, it is important for supervisors to cooperate with educators to inform consumers.

It was also pointed out that regulators are taking a different position towards innovation based on their mandates. For some, this includes promotion of innovations and for others simply staying technology-neutral. Regardless of their differing mandates, panellists felt insurers will need to explain how they use the data in their processes and supervisors will need to monitor that customers are treated fairly. This will require cooperation among all stakeholders.

## Session 3: Supporting Sustainable Economic Development – Exploring the Role of Insurance Supervisors

Panellists agreed on the importance of insurance supervisor support of sustainable economic development, but their view on the scope of that support varied, from supervisors having an active role clearly assigned in applicable laws and regulations to a less active role aligned with related goals such as financial inclusion, sustainability and policyholder protection. An audience poll revealed a split in views on the question of whether or not the mandate of insurance supervisors should include economic development.

Panellists also shared their perspectives on the role that insurance supervisors play vis-a-vis insurance as an instrument for sustainable economic development. They discussed the role insurance supervisors play by expanding the availability of long-term finance for infrastructure investments through prudential requirements and whether or not a differentiated treatment for investments in infrastructure is warranted. Concerning the development of resilient economies, panellists shared views focused on the role of insurance supervisors in supporting disaster prevention and mitigation by including effective claims payment by insurers within the supervisory scope, facilitating the collection of comprehensive data on disaster events and developing a framework enabling disaster risk transference to international reinsurance and capital markets.

#### Session 4: Climate Risk and Natural Catastrophes – Closing the Protection Gap

Panellists examined the frequency and severity of natural disasters and the impact this is having on the insurance protection gap. Drawing on the perspectives of insurers and supervisors, the panel noted the important role that supervisors can play in supporting efforts to close the protection gap, particularly in the area of disaster risk.

Panellists also noted that the thinking respecting natural disasters has evolved significantly over the last decades. Increasingly, insurers recognise ways in which they can collaborate with supervisors to improve disaster response and the range of products available for specific climate and natural catastrophe risks. Audience polling confirmed that, beyond risk transfer, insurance has an important role to play in risk pricing and risk signalling.

#### Session 5: A Supervisory Discussion of a Holistic Approach to Insurance Supervision – Making the Link Between Prudential and Conduct of Business Supervision

Panellists discussed key concerns/risks in connection with technological innovations and insurance in each of their respective areas. There were shared views on the risks associated with insurance product design, pricing, distribution and claims handling. Other concerns arising out of technological innovation included cyber terrorism, unfair discrimination and governance accountability.

Most panelists thought the misuse of personal data presented the biggest challenge and emphasized the importance of appropriate data management. This coincided with the audience view that the “unethical use of data”, followed by a “cyber-attack on personal data”, posed the greatest consumer protection threats. According to 70% of the audience polled, supervisors should focus on both prudential risk and conduct of business supervision, and not just on one or the other.

The annual conference programme can be viewed [here](#). All PowerPoint presentations are available by clicking [here](#).

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### **In Focus...**

#### **The IAIS Completes Phase 1 of the Core Curriculum Project <sup>1</sup>**

With Phase 1 of the Core Curriculum Project now complete and work underway on some Phase 2 modules, the IAIS has achieved a key milestone in this multi-year update launched in 2016. Phase 1 focuses on updating modules with modest editing to align the content with current ICPs, making the content usable and accessible. Phase 2 focuses on updating and enhancing the Core Curriculum modules to encourage their use by supervisory authorities. This typically builds on Phase 1 work; however, additional material is expected to be covered in Phase 2; for example, modules relating to the recent ICPs, extensions of current material to reflect supervisory progress over the last decade and splitting existing modules into smaller more accessible modules.

An important capacity building resource, the purpose of the Core Curriculum is to further user understanding of the underlying concepts, terminology and interactions to support the successful implementation of ICPs and other IAIS supervisory material. It covers the full set of ICPs. The intended audience is trainers of insurance supervisors, individual insurance supervisors and other parties

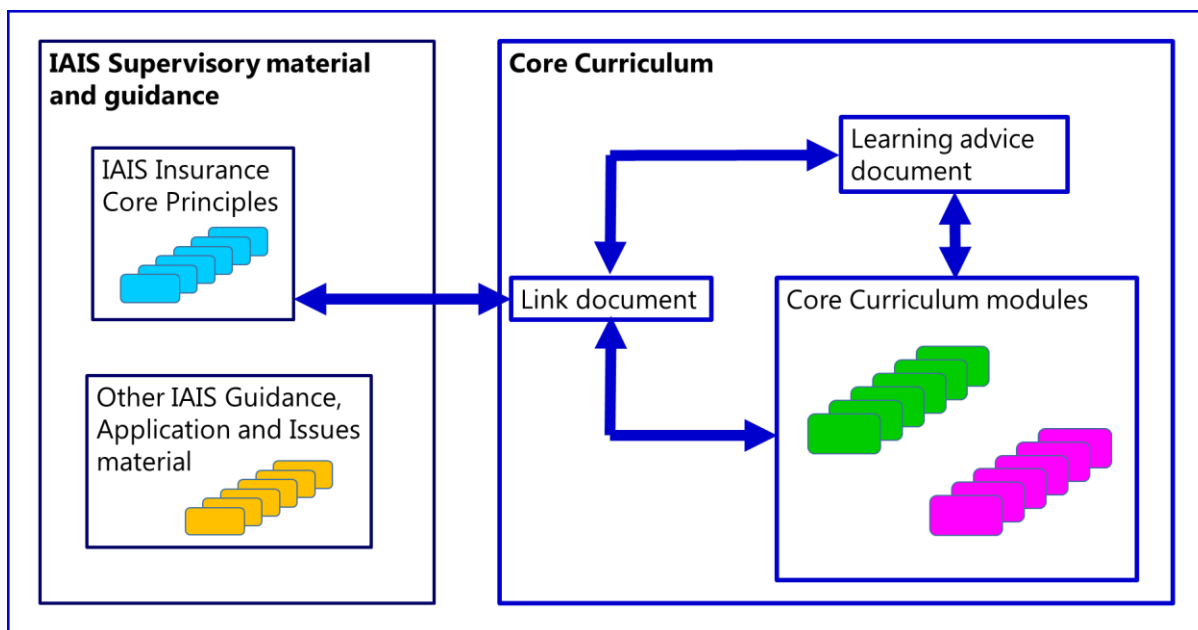
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<sup>1</sup> This article has been prepared by Jules Gribble, Senior Policy Advisor in the IAIS Secretariat, and Li Tang (CBIRC), Chair of the Core Curriculum Task Force.

interested in sound and effective regulatory and supervisory practices. The Core Curriculum is a valuable resource for all supervisors, particularly those from the Emerging Markets and Developing Economies.

### Where is the Core Curriculum Located?

The Core Curriculum is available on the IAIS public webpage ([link](#)). The [Overview](#) page includes three summary documents: an Overview document, a Link document and a Learning advice document. These introduce the Core Curriculum. The Core Curriculum structure is summarised in the following figure:



### How does the Core Curriculum Link with the ICPs?

The links between the Core Curriculum and the ICPs are contained in the Link document. Core Curriculum modules use a numbering and naming system that makes it easier for users to locate material. Naming follows a three-level structure, starting with the Tier 1 name, then the Tier 2 name and completed with a specific module name. Each level is also represented by a number. For example, module 5.1.1 can be read “Insurer – Prudential” – “Reinsurance” – “Basics of Reinsurance”. “Insurer – Prudential” corresponds to Tier 1 and “Reinsurance” to Tier 2, with the actual module being “Basics of Reinsurance”. This flexible approach supports the addition of new modules without disrupting the existing numbering. An example of Tier 1 and 2 mapping between the Core Curriculum and the current ICPs can be viewed in the following table, with the blue line represents the Link document:

| Tier 1                 | Tier 2        | ICPs       |
|------------------------|---------------|------------|
| 5 Insurer - Prudential | 1 Reinsurance | 13, 14, 15 |
|                        | 2 Liabilities | 16, 17     |
|                        | 3 Assets      |            |
|                        | 4 Derivatives |            |
|                        | 5 Capital     |            |
|                        | 6 Solvency    |            |

**What are the next steps?**

Reporting to the Implementation and Assessment Committee, the Core Curriculum Task Force is continuing its work on the Phase 2 modules.

IAIS Members are encouraged to review and use the Core Curriculum modules. Feedback and suggestions are welcome and should be submitted to both Jules Gribble ([jules.gribble@bis.org](mailto:jules.gribble@bis.org)) and Li Tang ([li\\_tang@circ.gov.cn](mailto:li_tang@circ.gov.cn)). If you are not yet involved in this project, please consider participating in the important work being done.

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**News  
Updates****IAIS Publishes the Public Consultation Document on a Holistic Framework for Systemic Risk in the Insurance Sector**

On 14 November, the IAIS published for public consultation its proposed holistic framework for the assessment and mitigation of systemic risk in the insurance sector. With this, the IAIS proposes to evolve its current approach to systemic risk by:

- Recognising that systemic risk may arise from both the collective activities and exposures of insurers at a sector-wide level as well as from the distress or disorderly failure of individual insurers;
- Addressing cross-sectoral aspects of systemic risk, by comparing the potential systemic risk stemming from the insurance sector with other parts of the financial system; and
- Moving away from a binary approach in which certain additional policy measures are only applied to a relatively small group of insurers (the identified G-SIIs), to an approach with a proportionate application of an enhanced set of policy measures targeted at the exposures and activities that can lead to systemic risks from the insurance sector as a whole.

As characterised by Vicky Saporta, Chair of the Executive Committee, “the publication of this consultation document is a significant step forward in the IAIS’ contribution to broader financial stability”. “Appropriately implemented”, she noted, “this holistic framework will provide an enhanced basis for mitigating systemic risk in the insurance sector”.

The holistic framework includes the following key elements:

- An enhanced set of supervisory policy measures for macroprudential purposes, providing the pre-emptive part of the framework;

**KEY ELEMENTS OF THE  
HOLISTIC FRAMEWORK**

Enhanced set of supervisory  
policy measures

IAIS global monitoring exercise

Supervisory powers of  
intervention

Mechanisms to ensure a  
globally consistent application  
of the framework

IAIS assessment of the  
consistent implementation of  
policy measures and powers of  
intervention

- A global monitoring exercise by the IAIS designed to detect the possible build-up of systemic risk in the global insurance sector at an individual insurer level and at sector-wide level;
- Where a potential systemic risk is detected, supervisory powers of intervention that enable a prompt and appropriate response;
- Mechanisms that help ensure the global consistent application of the framework, by having a collective assessment of potential global systemic risk and a coordinated supervisory response when needed; and
- An assessment by the IAIS of the consistent implementation of enhanced on-going supervisory policy measures and powers of intervention.

The holistic framework is slated for adoption at the Annual General Meeting in late 2019, with implementation beginning in 2020. The IAIS will further refine the proposed framework, taking into account the public consultation feedback received.

Public comments on the consultation document are invited by 25 January 2019, through the IAIS consultation tool. More information on the public background session held on 29 November can be found in this Newsletter by clicking [here](#).

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## **Governance Changes Approved to Support New Strategic Plan**

In October 2017, the Executive Committee adopted the mandate for the Strategic Plan and Financial Outlook Task Force (Task Force). In addition to the Task Force's core mandate of proposing a draft Strategic Plan and Financial Outlook for 2020-2024, the Executive Committee asked it to consider "the most effective governance arrangements necessary to implement the Strategic Plan". This included the membership of the main IAIS committees; specifically, the Executive Committee.

In this regard, the Task Force agreed to a package of proposals to revise the composition of the Executive Committee and other parent committees. The Task Force subsequently recommended this package of proposals to the Executive Committee for adoption.

Based on these recommendations, the Executive Committee agreed at its meeting on 29 October to recommend to the Annual General Meeting for approval certain by-law changes to give effect to:

- *The introduction of voting members of the Executive Committee that represent "Standing Jurisdictions."* The concept of having Executive Committee membership comprised of Standing Jurisdictions is intended to ensure representation from the major insurance markets, while at the same time limiting the number of Standing Jurisdictions in order to maintain a balance with the number of voting members of the Executive Committee that are selected by the IAIS membership regions.
- *Maintaining geographic diversity through voting members in the Executive Committee selected by IAIS regions.* The Executive Committee agreed to increase the number of seats for some regions based on the market size and number of Members in the region. Specifically, this has the effect of adding two extra seats each for the North America, Western Europe and Asia regions; and one extra seat each for Sub-Saharan Africa and Central and Eastern Europe and Transcaucasia regions. This increases the total size of the Executive Committee from 24 to 32

members. For each region, the total number of voting seats will be filled by a combination of members representing Standing Jurisdictions and members selected by Members in the region.

- *Benefiting from the views of non-supervisory Members of the IAIS at the Executive Committee.* The Executive Committee agreed to recommend that non-supervisory authority Members meeting certain criteria be invited to select a representative to be elected as a non-voting member of the Executive Committee. Currently, the criteria would result in the Federal Insurance Office of the US Treasury and European Commission being eligible to select a representative for non-voting member status.
- *Benefiting from the views of central bank Members of the IAIS at the Executive Committee.* The Executive Committee agreed to recommend that the representation of so-called “IAIS/Bank for International Settlements double-hatters” at the Executive Committee be enhanced, recognising the technical expertise that central bank Members bring to the IAIS deliberations, particularly on financial stability issues. The term “double-hatters” refers to Members of the IAIS who are also members of the Board of Directors of the Bank for International Settlements. To achieve this, the Executive Committee agreed to recommend to increase the number of “double hatters” on the Executive Committee who will be non-voting members of the Executive Committee if not already selected as a voting member by a Standing Jurisdiction or by a region.

The membership approved these governance changes by way of approving relevant changes to the by-laws at the Annual General Meeting in Luxembourg on 8 November. These governance changes will be implemented over the course of the first quarter of 2019.

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## The IAIS Publishes its Annual Report for 2017



Following approval by the membership at the Annual General Meeting in Luxembourg on 8 November, the IAIS has published its 2017 Annual Report. The report covers the many activities and accomplishments occurring during the 2017 calendar year, and includes the individual committee and subcommittee reports and the approved financial statements.

In his Annual Report message, Secretary General Jonathan Dixon paid tribute to the commitment of IAIS Members: “Because of your dedication to a shared mission, this Association is in a strong position with many opportunities to achieve even more by focusing on the areas identified as priorities by the membership and finding smarter ways to deliver on these goals”.

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

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## The Sustainable Insurance Forum Convenes in Luxembourg

Chaired by IAIS Executive Committee member Geoff Summerhayes (APRA), the Sustainable Insurance Forum met on 10 November in Luxembourg, following the IAIS Annual Conference. The Sustainable Insurance Forum is a global network of insurance supervisors and regulators working together to strengthen responses to sustainability challenges facing the insurance sector. The meeting took note of

the achievements in 2018; in particular, the adoption of the [Issues Paper on Climate Change Risks to the Insurance Sector](#).



Meeting participants shared initiatives undertaken in their respective jurisdictions to promote sustainable insurance and address climate change risks.

Included was a presentation on the Network for Greening the Financial System (Network) and its activities across its three work-streams (ie microprudential/supervisory, macrofinancial and scaling-up green finance) and areas of potential collaboration between the Sustainable Insurance Forum and the Network, as well as where further work by the Sustainable Insurance Forum on climate change issues could add value.

The Sustainable Insurance Forum also discussed its work for 2019, such as developing an Issues Paper on Climate-related Financial Disclosures in response to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures and launching a survey into the implementation of the task force recommendations.

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## **Small Group Established to Focus on Cyber Underwriting**

Among the many actions taken at its meeting on 7 November in Luxembourg, the Executive Committee approved the establishment of a small group to explore the role of insurance supervision in supporting sustainable cyber insurance underwriting in support of increased cyber resilience across the financial sector and broader economy. Over the course of the first half of 2019, the small group will explore potential risks and impediments to sustainable cyber underwriting, such as accumulation risk, non-affirmative cyber coverages, capacity, coverage and terminology standardisation and insufficient modelling due in part to lack of appropriate data. The small group is also expected to examine how supervisors are responding to these risks and impediments. The IAIS has requested applications from IAIS Member representatives interested in serving as Chair. A call for small group members will soon follow.

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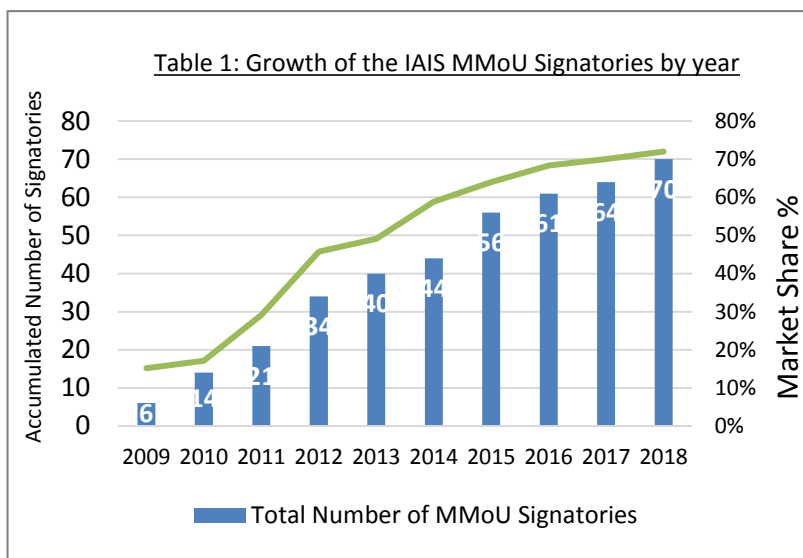
## **Oman CMA Signs IAIS International Information Exchange Agreement**

At a ceremony on the sidelines of the IAIS Annual Conference in Luxembourg on 8 November, His Excellency Abdullah bin Salim Al-Salmi, the Executive President of the Capital Market Authority of the Sultanate of Oman (CMA - Oman) signed the IAIS Multilateral Memorandum of Understanding (MMoU) – an international supervisory cooperation and information exchange agreement.



In signing the agreement, His Excellency Abdullah bin Salim Al-Salmi, expressed his happiness at joining the IAIS MMoU: "I am pleased that the CMA has become a signatory to the IAIS MMoU, which will definitely enrich, facilitate and improve our operations". Al-Salmi added: "This agreement strengthens our ability to work cooperatively with other supervisors and monitor large cross-border insurers – cooperation that is critically important to promoting effective supervision and protecting our consumers".

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.



Since the first jurisdiction was admitted in June 2009, the number of Members has grown significantly to now include 70 signatories representing more than 72 percent of worldwide premium volume (see Table 1).

“We are pleased to welcome CMA - Oman as a signatory to the MMoU”, said Vicky Saporta, Chair of the IAIS Executive Committee. “In order to achieve our ultimate goal of policyholder protection within the global insurance marketplace, 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”, she added.

A complete list of international signatories and a copy of the MMoU can be viewed on the IAIS website by clicking [here](#).

## Stakeholder Engagement

### IAIS Holds Public Background Session on the Holistic Framework for Systemic Risk in the Insurance Sector

The IAIS held a public background session on the consultation document on a draft Holistic Framework for Systemic Risk in the Insurance Sector. The purpose of the session was to present the consultation document and to provide an opportunity for stakeholders to give initial feedback on the holistic framework and its key elements. The call occurred on 29 November. The consultation document was released for public consultation on 14 November and may be accessed [here](#). The IAIS is exploring the possibility of holding a stakeholder workshop on the consultation document in mid-January 2019 – details will follow shortly. If you have any questions, please contact [iais@bis.org](mailto:iais@bis.org).

**Meetings and  
Events****Upcoming IAIS Meetings: December 2018**

All of the following IAIS meetings will be held in Basel unless otherwise noted. Members should visit the IAIS website at [www.iaisweb.org](http://www.iaisweb.org) for more information on a specific meeting and to confirm dates and locations.

| Date           | Group                                                           |
|----------------|-----------------------------------------------------------------|
| 5-6 December   | Accounting and Auditing Working Group (London)                  |
| 6 December     | ICS Task Force (Frankfurt)                                      |
| 6 December     | Strategic Planning and Financial Outlook Task Force (Frankfurt) |
| 6-7 December   | Insurance Groups Working Group                                  |
| 10-13 December | Capital, Solvency and Field Testing Working Group (Bermuda)     |
| 11 December    | Standards Assessment Working Group (teleconference)             |
| 12 December    | Core Curriculum Task Force (teleconference)                     |
| 13-14 December | Financial Crime Task Force                                      |

**Stakeholder Meetings**

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

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**Seminars and  
Training****Recent: Training Programme for Supervisors in  
Central and Eastern Europe and Transcaucasia  
(CEET), 12-16 November, Vilnius, Lithuania**

Jointly organised by the IAIS, A2ii, Toronto Centre and Bank of Lithuania, the purpose of this highly interactive training programme was to help participants understand the importance of a proportionate approach to regulation and supervision in order to improve access to insurance services. It included sessions on current practices from various jurisdictions related to inclusive insurance.

## Committee and Subcommittee Activities

### Committee Activities

#### Appointments of Chairs and Vice Chairs

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

- Dieter Hendrickx (Belgium) as Chair of the Macprudential Policy and Surveillance Working Group;
- Paolo Cadoni (UK, PRA) as Chair of the Capital, Solvency and Field Testing Working Group;
- Gilbert Chin (Singapore) as Vice Chair of the Capital, Solvency and Field Testing Working Group;
- Anna Jernova (UK, PRA) as Vice Chair of the Governance Working Group;
- Andreas Widmer (FINMA) as Vice Chair of the Macprudential Policy and Surveillance Working Group; and
- Anne-Gaelle Zimmerman (France) as Vice Chair of the G-SII Analysts Working Group.

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

- Peter Braumüller (Austria) as Chair of the Budget Committee.

#### Executive Committee

The Executive Committee met in Luxembourg on 7-8 November, where it discussed or decided numerous matters including:

1) Member Handbook Amendments: The membership approved changes to the by-laws

and Member Handbook that give effect to governance changes to the Executive Committee and the other parent committees. (See related story in this Newsletter by clicking on [here](#));

2) Supervisory and Supporting Material: The Executive Committee also adopted, approved or endorsed numerous ICPs as well as Application Papers on Recovery Planning, Proactive Supervision of Corporate Governance and the Use of Digital Technology in Inclusive Insurance;

3) Holistic Framework for Mitigation of Systemic Risk: The Committee approved the publication of the consultation document on the Holistic Framework for Mitigation of Systemic Risk;

4) Coordination: The Committee approved the revised mandate of the Fintech Forum, the mandate of the small group on sustainable cyber underwriting and the 2019 Roadmap; and

The Executive Committee also re-elected Vicky Saporta (UK, PRA) as Chair and Hiroshi Ota as one of three Vice Chairs.

Secretariat Support: [malene.duncan@bis.org](mailto:malene.duncan@bis.org)

#### Implementation and Assessment Committee

The Implementation and Assessment Committee met in Luxembourg on 6 November to discuss several topics including:

1) Implementation Activities: Finalisation of Phase 1 of the Core Curriculum (37 modules and a case study) and the approval process for Phase 2 modules, increase in IAIS MMoU signatories to 70, reports on regional activities by IAIS Regional Coordinators, and reports on cooperation activities with key implementation

partners including the A2ii, Financial Stability Institute and the Toronto Centre.

2) Assessment Activities: Updates on the different assessments underway (first pilot Member Assessment Process and Peer Review Process on ICPs 1 (Objectives, Powers and Responsibilities of the Supervisor) and 2 (Supervisor), initial high level findings on the Phase 2 assessment on Liquidity Management and Planning among Group-Wide Supervisors, as part of the G-SII Policy Measures, and upcoming Peer Review Process on ICPs 4 (Licensing), 5 (Suitability of Persons), 7 (Corporate Governance) and 8.

3) Application Papers: The Committee recommended that the Executive Committee:

- Release the draft *Application Paper on the Proactive Supervision of Corporate Governance* for public consultation; and
- Adopt the draft *Application Paper on the Use of Digital Technology in Inclusive Insurance*.

4) Acknowledgements: The Committee also acknowledged and expressed its gratitude to the following individuals who are stepping down from IAIS-related positions:

- Michael Kehr (BaFin) as Chair of the SWG, and
- Damian Jaworski (Polish Financial Supervision Authority) as CEET Regional Coordinator.

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## Macprudential Committee

The Macprudential Committee met in Luxembourg on 6 November and received progress updates on the following items, among others:

- The 2018 Global Insurance Market Report; and

- Deliverables from the Task Force on Systemically Important Banks and Insurers.

The Committee recommended for Executive Committee release, the consultation document on the Holistic Framework for Systemic Risk in the Insurance Sector.

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## Policy Development Committee

The Policy Development Committee met in Luxembourg on 5 November and recommended that the Executive Committee:

- Release the draft *Application Paper on Recovery Planning* for public consultation; and
- Adopt the following papers:
  - *Issues Paper on Increasing Digitalisation in Insurance and its Potential Impact on Consumer Outcomes*;
  - *Application Paper on the Composition and the Role of the Board*; and
  - *Application Paper on Supervision of Insurer Cybersecurity*.
- Endorse draft ICP 6 for adoption at the Annual General Meeting; and
- Endorse the revised draft ICPs 8, 15, 16 and 20 and draft revised enterprise risk management-related glossary terms, subject to potential further amendments before adoption at the 2019 Annual General Meeting.

Additionally, the Committee approved for publication the summary and resolution of main public consultation comments on draft revised ICPs 8, 15, 16 and 20 and draft revised enterprise risk management-related glossary terms.

Lastly, the Committee received updates from the Supervisory Material Review Task Force on its 2019 workplan and from the Capital, Solvency and Field Testing Working Group on the high-level results from 2018 field testing of ICS Version 2.0 and the Aggregation Method additional data collection.

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## **Subcommittee Activities**

### **Accounting and Auditing Working Group**

The Accounting and Auditing Working Group next meets on 5-6 December in London. The agenda includes a discussion on potential implications for ICP 20 upon future approval of the Holistic Framework for Systemic Risk in the Insurance Sector; IFRS 17-related discussions; discussion of a potential comment letter on the International Accounting Standards Board's Discussion Paper on Financial Instruments with Characteristics of Equity; dialogue with various external organisations; and a call-in session with interested stakeholder to provide updates and gather feedback on key matters of interest.

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### **Financial Inclusion Working Group**

The Financial Inclusion Working Group met in Lusaka, Zambia on 6 November. The meeting was hosted by the Pensions and Insurance Authority of Zambia. Members shared developments within their countries in the area of inclusive insurance. The A2ii reported on the Consultation Call on Ratios and Cost Structures in Insurance Supervision. The Working Group will work on a paper on this subject.

The Working Group also discussed the draft *Application Paper on Sales Channels in Inclusive Insurance*. The Executive Committee adopted the *Application Paper on the Use of Digital Technology in Inclusive Insurance* at its meeting in Luxembourg on 8 November.

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### **Market Conduct Working Group**

The *Issues Paper on Increasing Digitalisation in Insurance and its Potential Impact on Consumer Outcomes* was adopted by the Executive Committee at its meeting in Luxembourg on 8 November

The next meeting of the Market Conduct Working Group will be in Basel on 4-5 December. At this meeting, it plans to discuss a first draft of the *Issues Paper on Personal and Other Information (Data)*.

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### **Signatories Working Group**

The Working Group said farewell Chair Michael Kehr (BaFin), who decided to step down after a number of years in this role. During his tenure, the number of Multilateral Memorandum of Understanding (MMoU) signatories has more than doubled. Now with 70 signatories, including six in 2018, the MMoU has reached a new milestone. Signatories account for more than 72% of worldwide premium volume. Implementation and Assessment Committee members expressed their gratitude and thanks for his commitment of time and his dedication. The Working Group looks forward to an active year in 2019.

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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.*

### “Empowering Regulators – Developing Communities”: The A2ii Annual Report



The latest A2ii Annual Report covers the period from October 2017 to September 2018. It showcases the A2ii's activities in supporting supervisors to make their markets more inclusive. It also examines key trends in inclusive insurance markets and their implications.

To download the report, please click [here](#).

## Recent Events

**IAIS-A2ii-MIN Latin American 14th Consultative Forum “InsurTech – Rising to the Regulatory Challenge”, 24 October, Buenos Aires, Argentina**

On 24 October, the IAIS, A2ii and Microinsurance Network, in partnership with the Association of Insurance Supervisors of Latin America (ASSAL) and the Superintendencia de Seguros de la Nación, organised the Latin American Consultative Forum. Exciting discussions took place on the future of insurance given the rise of new digital technologies. Over 80 high-ranking representatives from insurance companies, digital providers, policymakers and regulators shared their views on how different stakeholders can work together to facilitate innovation, consumer protection and market development. To read a summary of the event, please click [here](#). You can watch a full recording of the event in English or Spanish on the [A2ii Youtube Channel](#). Presentations will be uploaded to the A2ii website shortly.

### ASSAL-IAIS Regional Seminar for Insurance Supervisors of Latin America, 21-23 October, Buenos Aires, Argentina

Over 100 insurance supervisors and industry representatives from Latin America gathered in Buenos Aires, Argentina, to take part in the ASSAL-IAIS Regional Seminar for Insurance Supervisors of Latin America. Also attending the event were members of the National Association of Insurance Commissioners (US) and European Insurance and Occupational Pensions Authority. The panels focused on several IAIS ICPs.

The A2ii presented on inclusive insurance and technological innovation; namely, how digital technologies are changing the way financial services are delivered, what the benefits are and the risks and challenges for insurance supervisors.

### AAISA Meeting for Insurance Supervisors in Africa, 18-19 October, Conakry, Guinea

The A2ii's Sub-Saharan African regional coordinator Janice Angove supported the General Assembly meeting of the Association of Africa Insurance Supervisors (AAISA) in Conakry, Guinea hosted by the Banque Centrale de la République de Guinée. Representatives of the secretariat of the AAISA

and 19 delegates from supervisory authorities across Africa participated in this meeting.

The A2ii provided supervisors with an overview of upcoming A2ii and IAIS activities for Sub-Saharan Africa and gave a presentation on the importance of data collection and monitoring for inclusive insurance.

### **Responsible Finance Forum, 2 October, Dar es Salam, Tanzania**

The International Finance Corporation, German Federal Ministry of Economic Cooperation and Development (BMZ) and Making Finance for Africa, hosted the 9th [Responsible Finance Forum](#) – the very first one hosted in Africa.

This latest Responsible Finance Forum focused on Africa's evolving digital finance landscape and brought together leading investors, industry representatives, policymakers, practitioners and innovators. Participants discussed the critical challenges facing Africa and its unique potential to accelerate investments in responsible digital financial services.

Stefanie Zinsmeyer of the A2ii participated on a panel on “Data Analytics, Consumer Data Protection: Risks and Solutions”, about the role of insurance supervisor and shared insights from the recently published A2ii study entitled *“Regulating for responsible data innovation: the role of insurance supervisors in dealing with risks relating to consumer data protection and privacy”*.



### **A2ii-IAIS Peer Learning Session for Sub-Saharan African Supervisors, 1 October, Cape Town, South Africa**

This peer learning workshop gave supervisors an opportunity to share their approach to regulating and supervising corporate governance. Representatives of the Prudential Authority of South Africa and the National Insurance Commission in Ghana provided case studies. This was followed by a *tour de table* where participants from other jurisdictions shared their approach and experiences in supervising corporate governance. Supervisors discussed challenges around ensuring board members have appropriate skills, experience and independence.



Thirteen representatives from supervisory authorities in six countries across Sub-Saharan Africa attended the workshop. It was held alongside the Financial Stability Institute's training seminar on risk-based supervisory practices for individual entities and groups and hosted by the Prudential Authority at the South African Reserve Bank. The A2ii organised the event, with the support of the IAIS.

### **15th Annual Assembly and XXII Conference of the Association of Portuguese-Speaking Insurance Supervisors, 29-31 October, São Tomé, São Tomé and Príncipe Islands**

This event drew 60 participants from eight different countries. The A2ii Regional Coordinator for Latin America, Regina Simões, presented on the panel on inclusive insurance.



The Association of Portuguese-Speaking Insurance Supervisors was created in 1994. Its membership includes the insurance supervisory authorities of Angola, Brazil, Cape Verde, Macau, Mozambique, Portugal, Sao Tome and Principe and East Timor and Guinea-Bissau, as an Observer. Other topics discussed were financial literacy, InsurTech, regulation of the insurance sector and money laundering.

#### **A2ii-GIZ Hosting Agreement Signing, 30 October, Basel, Switzerland**

Following lengthy discussions between the A2ii's Governing Council and various Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) departments, a hosting agreement was signed in Basel on 30 October.



The hosting agreement brings accountability and transparency to the A2ii's hosted set-up within the GIZ. Andreas Proksch, Director General of the Sector and Global Programmes Department, and Wolfgang Bueker, Head of Sector Programmes, Financial Systems Development, travelled to Basel to meet with

the IAIS and Peter Braumüller, A2ii Chair to sign the agreement.

#### **Recently Published**

***“Regulating for responsible data innovation: The role of insurance regulators in dealing with risks relating to consumer data protection and privacy”***



**Regulating for responsible data innovation:**  
The role of insurance regulators in dealing with risks relating to consumer data protection and privacy

Jeremy Gray  
Nichola Beyers  
Jana de Waal  
Mia Thom



Data innovation is challenging the traditional role of insurance regulators. The following are two of the emerging major dilemmas that insurance regulators and indeed all financial sector regulators face when confronted with how to regulate consumer data:

- They must tread the balance to achieve positive consumer outcomes, by both enabling data-driven innovation, while still protecting consumers from the risks that arise; and
- They must protect consumers within their sector from the risks that arise even though they do not have sole regulatory oversight over the collection, storage and use of consumer data, which cuts across society.

This study considers each of these dilemmas and explores the options available to regulators in achieving their objectives given these challenges. It may be downloaded [here](#).

**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](http://www.iaisweb.org)).

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