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IAIS Releases First Public Consultation on Global Insurance Capital Standard

Public consultation to continue through 16 February 2015

Basel – The International Association of Insurance Supervisors (IAIS) has begun a public consultation to help guide development of its risk-based, global insurance capital standard (ICS). This is the first of three planned public consultations on the ICS and is open until 16 February 2015.

“As the international insurance standard setter, the IAIS is committed to providing global responses to global issues,” said Felix Hufeld, Chair of the IAIS Executive Committee. “This public consultation demonstrates not only our commitment to provide global insurance policy solutions but to do so in a way best designed for the insurance sector and based on the critical input of all our stakeholders.”

Following the IAIS’ [July 2013](#) announcement that it considers a sound capital and supervisory framework for the insurance sector essential for supporting financial stability and protecting policyholders, the IAIS in [October 2013](#) announced its plan to develop the ICS by 2016. The ICS will be developed to apply to internationally active insurance groups (IAIGs) as part of the IAIS’ common framework for the supervision of IAIGs, or ComFrame.

This public consultation is the first step in a multi-year process to develop and finalise the ICS. The purpose of the consultation is to solicit feedback from Members and stakeholders on elements of the proposed ICS such as valuation, qualifying capital resources, an example of a standard method for determining the ICS capital requirement as well as other potential methods for determining the ICS capital requirement. It contains more than 160 specific questions the feedback from which, in addition to the [Principles for ICS Development](#), will guide the IAIS as it continues to develop the ICS.

Priorities for development in 2015 include development of an example of a standard method for determining the ICS capital requirement, further consideration of the approaches to valuation and the definition of qualifying capital resources. Field testing, which began in 2014, will continue to play a critical role in this process. The priorities for field testing in 2015 will be to analyse the calibration of, as well as provide insights to assist in further development of, the example standard method for calculating the ICS capital requirement. In addition, field testing will provide insights to assist further development of the definition of capital resources and valuation approaches. Further consultations on ICS will occur as part of consultations on ComFrame.

The following table summarises key activities leading to the IAIS' adoption of the ICS in end-2018, after which Members would begin implementation of the ICS as part of ComFrame:

Date	Activity
April-June 2015	Second quantitative field testing exercise
December 2015	Public consultation on ComFrame and the ICS
April-June 2016	Third quantitative field testing exercise
December 2016	ICS finalised
From 2017	Start of confidential ICS reporting to supervisors
December 2017	Public consultation on ComFrame and the ICS
Late 2018	Adoption of ComFrame including ICS

In keeping with its commitment to robust stakeholder engagement, the IAIS has already planned not less than six stakeholder meetings in 2015 in locations around the world that will focus on the ICS and related capital standards development. Additional stakeholder engagement opportunities involving the development of both the capital standards and ComFrame will be announced

For more information on the ICS, including some Frequently Asked Questions and details on how to submit comments, please visit www.iaisweb.org or click [here](#).