

FSB endorses the IAIS Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector and discontinues identification of Global Systemically Important Insurers (G-SIIs)

- Following a review after three years of implementation, the Financial Stability Board (FSB), in consultation with the IAIS, has decided that the Holistic Framework provides a more effective basis for assessing and mitigating systemic risk in the insurance sector than G-SII identification.
- The IAIS will continue to report on the outcomes of its Global Monitoring Exercise (GME) and its assessment of the implementation of the Holistic Framework supervisory measures to the FSB, which retains an active role relating to the insurance sector, in particular in monitoring the application of the FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions.
- To further refine its risk assessment, the IAIS has launched a public consultation seeking input on the GME individual insurer monitoring assessment methodology.

Basel, Switzerland – At its December Plenary meeting, the Financial Stability Board (FSB), in consultation with the International Association of Insurance Supervisors (IAIS), decided to discontinue the annual identification of Global Systemically Important Insurers (G-SIIs) in favour of using the IAIS Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector (Holistic Framework) to inform its consideration of systemic risk in insurance.

“Implementation of the Holistic Framework has been strong across each of its key elements: risk assessment through the annual Global Monitoring Exercise (GME), enhanced macroprudential supervisory policy measures and robust implementation assessment – with demonstrated benefits for the effectiveness of macroprudential supervision in the insurance sector,” said Vicky Saporta, IAIS Executive Committee Chair. “Reflecting on the three years since its adoption, FSB and IAIS members agree that the Holistic Framework provides a more effective basis for assessing and mitigating systemic risk in the insurance sector than G-SII identification.”

The IAIS adopted the Holistic Framework in November 2019 as part of a comprehensive set of reforms contributing to the maintenance of global financial stability. The FSB welcomed the Holistic Framework and decided to suspend the identification of G-SIIs for three years, recognising that the Holistic Framework, appropriately implemented, would provide an enhanced basis for assessing and mitigating systemic risk in the insurance sector.

Demonstrated benefits of the Holistic Framework relative to the annual G-SII identification include:

- The systemic risk assessment through the GME has proven more comprehensive, forward-looking and versatile in times of crises;
- The Holistic Framework supports a more robust collective discussion among supervisors on the potential build-up of systemic risk and appropriate supervisory responses;
- Enhanced supervisory measures for macroprudential purposes are applied to a much broader set of insurers than those formerly identified as G-SIIs; and

- Robust implementation assessment of the Holistic Framework supervisory measures helps ensure they are implemented in a comprehensive and consistent manner across jurisdictions.

Continued active role for the FSB

The FSB, as the international body that monitors and makes recommendations about the global financial system, will continue to receive from the IAIS an annual update on the outcomes of its GME, including potential concentration of systemic risks at an individual insurer and sector-wide level and the supervisory response to identified risks. Going forward the FSB will utilise assessments available through the Holistic Framework to inform its considerations of systemic risk in the insurance sector. To this end, the IAIS will continue its annual data collection from individual insurers, complemented by data collection from supervisors to support its assessment of sector-wide trends with regard to specific activities and exposures, and its annual reporting to the public on the outcomes of its assessment and progress in implementation of the Holistic Framework supervisory policy measures.

Should circumstances so warrant, the FSB may, in consultation with the IAIS and national authorities, using the assessments available through the Holistic Framework as reported by the IAIS to the FSB, publicly express its views on whether any individual insurer is systemically important in the global context and the appropriate application of the Holistic Framework supervisory policy measures that it considers necessary to address such systemic importance. The development of such a view may also require the FSB to ask the IAIS to undertake further analysis.

The IAIS will also provide input to the FSB's resolvability monitoring process and the FSB's annual public reporting of insurers subject to the FSB Resolution Planning Standards.¹ The FSB may publicly express its views on the appropriateness and sufficiency of the scope of insurers that are subject to the FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions (KAs), based on whether an insurer could be systemically significant or critical if it fails.² The FSB will also aim to develop further guidance regarding approaches to determine the scope of application of the KAs by jurisdictions.

Further consultation and review

The IAIS will continue to enhance the Holistic Framework, including through its triannual review of its assessment methodology and through measures to continue to achieve the benefits of an inclusive approach to determining the scope of insurers covered by the IAIS' discussions.³ In line with this timing, in November 2025 the FSB will also review its experiences with the process of assessing and mitigating systemic risk based on the Holistic Framework.

In support of this effort, the IAIS is today launching a [public consultation seeking input on the individual insurer monitoring \(IIM\)](#) assessment methodology used to calculate individual insurers' systemic risk scores. In addition, the IAIS recently finalised its [liquidity metrics](#) as an ancillary indicator for the GME, as a tool to facilitate the IAIS' monitoring of the global insurance sector's

¹ The FSB's annual public reporting will include those insurers that are publicly disclosed by home authorities as being subject to the FSB's Resolution Planning Standards, while noting this does not necessarily reflect any assessment of the global systemic risk posed by the insurer in the event of its failure.

² While the FSB's KAs set out specific standards that apply to G-SIIs, the KAs also state that the standards apply to any financial institution that could be systemically significant or critical if it fails. This is consistent with the IAIS' standards relating to insurer resolution.

³ Having a diverse set of insurers in scope of the collective discussion has proven helpful in enhancing sector-wide monitoring of common exposures to risks and activities across different insurers and helping to monitor the robust and consistent implementation of the Holistic Framework supervisory measures across different regions.

liquidity risk and its assessment of individual insurers' liquidity exposure from a macroprudential perspective.

The IAIS will hold a public webinar on 10 January 2023 to provide background information on the public consultation of the review of the IIM assessment methodology and the publication of the liquidity metrics as an ancillary indicator. Interested stakeholders can register via this [link](#).

"Through the experience of the past three years, we see the Holistic Framework has proven robust and is a better approach to assessing and mitigating systemic risk in insurance," commented Jonathan Dixon, IAIS Secretary General. "Going forward, it will be important to continue refining the global risk assessment and ensuring robust implementation of supervisory measures, with strong engagement of insurers and supervisors."

See the FSB press release [here](#).

About the Holistic Framework for systemic risk

The Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector (Holistic Framework), recognises that systemic risk may arise not only from the distress or disorderly failure of an individual insurer, but also from the collective exposures and activities of insurers at a sector-wide level. It consists of three key elements:

1. **Risk assessment through the annual Global Monitoring Exercise (GME)**, designed to detect key risks and trends and the potential build-up of systemic risk in the global insurance sector, including a collective discussion among IAIS members of the outcomes of the analysis and the appropriate supervisory response;
2. **An enhanced set of supervisory measures**, designed to increase the overall resilience of the insurance sector and help prevent insurance sector vulnerabilities and exposures from developing into systemic risk (Holistic Framework supervisory measures); and
3. **Robust assessment of the comprehensive and consistent implementation** of the Holistic Framework supervisory measures across jurisdictions.

Learn more on the [IAIS website](#).

About the IAIS

The IAIS is a global standard-setting body whose objectives are to promote effective and globally consistent supervision of the insurance industry to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to the maintenance of global financial stability. Its membership includes insurance supervisors from more than 200 jurisdictions. Learn more at www.iaisweb.org. Follow us on LinkedIn: [IAIS – International Association of Insurance Supervisors](#).

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