

IAIS launches final consultation in preparation for adoption of the Insurance Capital Standard in 2024

- The IAIS is launching today a public consultation on the candidate Insurance Capital Standard (ICS) as a prescribed capital requirement (PCR) for Internationally Active Insurance Groups (IAIGs).
- The candidate ICS as a PCR is the standard being considered for adoption by the IAIS in December 2024. It builds upon ICS version 2.0, currently being monitored during a five-year period, and includes changes supported by evidence collected over the first three years of monitoring.
- Adoption of the ICS in 2024 will be informed by comments received through this consultation, together with ICS data collected by means of confidential reporting over 2023 and 2024 and the ICS Economic Impact Assessment also being conducted this year.
- Concurrently, the IAIS is launching public consultations on two Insurance Core Principles (ICPs), which apply to the insurance sector as a whole: ICP 14 (Valuation) and 17 (Capital Adequacy).

Basel, Switzerland – The International Association of Insurance Supervisors (IAIS) launched today the fourth and final public consultation on the Insurance Capital Standard (ICS) before its planned adoption in December 2024.

“After ten years of development, three consultations, six field-testing exercises and three years of confidential reporting, I am pleased that the Executive Committee of the IAIS has agreed on the candidate ICS as a prescribed capital requirement (PCR) for a final public consultation,” remarked Vicky Saporta, Executive Committee Chair. “Once adopted at the IAIS Annual General Meeting at the end of 2024, the ICS will provide a common language for cross-border supervisory discussions on insurance group solvency in a world where we face many common and interconnected global risks.”

The ICS as a PCR will provide a consolidated, risk-based measure of capital adequacy for Internationally Active Insurance Groups (IAIGs). Group-wide supervisors (GWSs) will use the ICS as a binding requirement, at the group level, for IAIGs headquartered in their jurisdictions. IAIS members are committed to the implementation of IAIS standards, and some members are already taking steps to embed the ICS in their regulatory regimes. In parallel, the United States is developing an Aggregation Method (AM) to a group capital calculation, which, if deemed comparable, will be considered an outcome-equivalent approach for implementation of the ICS as a PCR.

The candidate ICS as a PCR incorporates policy changes made to ICS version 2.0, based on data and feedback collected during the monitoring period. These include changes to its three components (valuation, capital requirements and capital resources), which were informed by inputs from volunteer groups, colleges of supervisors and other stakeholder engagement efforts.

In addition to feedback on the standard itself, the IAIS is collecting input on the foreseeable economic impact of ICS implementation. That input will inform the ICS Economic Impact Assessment, which will evaluate the effects that the implementation of the ICS may have on product availability, insurers’ business models and financial markets.

“Taken together, the ICS as a PCR public consultation, the economic impact assessment and the additional data gathered during the ICS monitoring period will provide a significant body of evidence to inform the IAIS’ decision on the adoption of the ICS at the end of 2024,” said Jonathan Dixon, IAIS Secretary General.

Today, the IAIS also released the 2023 [ICS](#) and [AM](#) data collection packages, which previously launched in April 2023 with volunteer groups, with submissions due at the end of August.

The ICS data collection includes both ICS version 2.0 and the candidate ICS as a PCR, thereby enabling the IAIS to distinguish the impact of policy changes versus changing macroeconomic conditions. The candidate ICS as a PCR and provisional AM, as part of – and defined in – the 2023 AM data collection, will be used to perform the AM comparability assessment.

Consultations on ICPs 14 and 17

Concurrently with the ICS consultation, the IAIS is also launching a public consultation for two revised Insurance Core Principles (ICPs): ICP 14 (Valuation) and ICP 17 (Capital Adequacy).

ICP 14 establishes supervisory requirements for the valuation of assets and liabilities for solvency purposes. ICP 17 establishes requirements for regulatory capital resources and requirements. The ICPs form part of the globally accepted framework for insurance supervision and are relevant for all insurers. ICPs 14 and 17, in particular, establish the core foundation for all quantitative, risk-based insurance supervision and, therefore, also for the ICS. ICPs 14 and 17 have been updated mainly to further enhance the consistency of the text and improve readability.

Consultations links:

- [Candidate ICS as a PCR](#)
- [ICP 14 and ICP 17](#)

Comments on all consultations are invited by **Thursday, 21 September 2023 24:00 CEST**.

Public background webinar

The IAIS will hold a public background webinar on **Thursday, 29 June from 13:30 to 15:30 CEST** to share further details on the public consultations and answer questions from stakeholders. To register for the session, please click [here](#).

About the ICS

The Insurance Capital Standard ([ICS](#)) aims to provide a globally comparable risk-based measure of capital adequacy for Internationally Active Insurance Groups (IAIG). It forms the quantitative pillar of the Common Framework for the Supervision of IAIGs ([ComFrame](#)), which was adopted in 2019.

Approved in November 2019, ICS version 2.0 is being used during the monitoring period (2020-2024) for confidential reporting to group-wide supervisors (GWS) and discussion in supervisory colleges. During the monitoring period, the ICS results are not used as a basis to trigger supervisory action.

The goal for the current phase of ICS development is the delivery of a capital standard that is fit for implementation by supervisors. The implementation of the ICS is conducted in two phases: (1) a five-year monitoring period (2020-2024) during which the ICS is used for confidential reporting to GWSs and discussion in supervisory colleges; and (2) implementation of the ICS as a group-wide PCR.

About IAIGs

To date, 52 IAIGs have been identified by relevant GWSs from 17 jurisdictions. All 52 IAIGs have been publicly disclosed. This register of publicly disclosed IAIGs can be found on the [IAIS website](#). The active participation of IAIGs in the monitoring period is important to provide effective feedback on the ICS.

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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