

IAIS statement: IAIS begins the AM comparability assessment

The IAIS has begun its assessment of whether the Aggregation Method being developed by the United States provides comparable outcomes to the global Insurance Capital Standard (ICS), and if so, will be considered an outcome-equivalent approach for implementation of the ICS as a prescribed capital requirement (PCR).

This follows the finalisation of the comparability criteria¹ in March 2023 and the submission of data by participating insurance groups at the end of August in response to the 2023 ICS and AM data collection packages. The data collection packages include detailed technical specifications, a questionnaire and a template for both the ICS and AM data collections. The data collected includes results for the Candidate ICS as a PCR and the Provisional AM, which are the basis for the comparison, plus the results for scenario analyses conducted on both the Candidate ICS as a PCR and the Provisional AM. Collectively, this data will inform the evaluation of whether the comparability criteria have been met.

The IAIS' AM comparability assessment is proceeding in line with the [timeline](#) communicated by the IAIS in November 2019 and the assessment methodology, process and governance as agreed upon by the IAIS.² Specifically:

- The AM comparability assessment will be a robust technical, evidence-based analysis of comparability, using the agreed comparability criteria that were designed to neither preclude comparability at the outset nor give a free pass.
- The AM comparability assessment will be conducted using the Candidate ICS as a PCR (the version used for the recent public consultation³) and the Provisional AM developed by the United States⁴, utilising the 2023 ICS and AM data collection packages that contain detailed technical specifications for both. The 2023 [ICS](#) and [AM](#) data collection packages were published in June 2023.
- Any revisions to the candidate ICS as a PCR, resulting from the current public consultation, or any revisions to the Provisional AM as decided by the United States ahead of the 2024 ICS and AM data collection exercise would feed into additional comparability assessment analysis, using the revised versions (the full specifications of which would also be shared with the public), with a final decision by the IAIS on comparability scheduled for late 2024.
- Whilst the AM data collection package references alternative scaling options for purposes of back-testing potential revisions, the comparability assessment will use the Provisional AM and its method of scaling.

¹ Refer to [Final Aggregation Method Comparability Assessment Criteria – March 2023](#)

² Refer to the [Explanatory Note on the draft criteria for the AM comparability assessment - June 2022](#)

³ The consultation document presents the ICS as envisaged for implementation ("candidate ICS as a PCR"), subject to any further changes which may be decided upon based on the resolution of comments from this public consultation and the outcome of the 2023 ICS data collection.

⁴ The NAIC has published further detail on the Provisional AM for use in the comparability assessment on the NAIC website: [Provisional AM for Use in the Comparability Assessment \(September 2023\)](#). The NAIC document provides the history on the US development of the Aggregation Method and includes the purpose, principles and components of the provisional AM design that will be used for the comparability assessment as well as setting out the process for finalising the AM.

- The AM comparability assessment will be undertaken by an assessment team consisting of technical experts within the IAIS Secretariat, representing geographical diversity and expertise in both the AM and ICS. The assessment team will be led by the IAIS Secretary General.
- The AM comparability assessment team will be responsible for delivering the necessary technical analysis to support the IAIS ICS and Comparability Task Force (ICSTF) in making an informed recommendation to the IAIS Executive Committee on the outcome of the comparability assessment. Based on the ICSTF's recommendations, the final decision on whether the AM provides comparable outcomes to the ICS will be made by the Executive Committee.

Vicky Saporta, Chair of the IAIS, announced: “The work of the IAIS on the AM comparability assessment is driven by a commitment to deliver a technical, robust and transparent exercise, allowing stakeholders to understand the basis of the assessment and its conclusions. We are now entering the final phase, namely the technical analysis underlying the assessment. I would like to thank all the IAIS members and all participating insurers who worked diligently in recent months to provide the detailed inputs that will be informing our analyses.”

Background

In November 2017, the IAIS set out an agreement on the implementation of ICS, including 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.⁵ The agreement acknowledges the development by the United States of the AM to a group capital calculation. While the AM is not part of the ICS, the IAIS aims to be in a position by the end of the ICS monitoring period (ie by end-2024) to assess whether the AM 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 ICS as a PCR. At the same time, the IAIS agreed to help collect data from the US and interested jurisdictions that will aid in the development of the AM.

⁵ Refer to the document [Implementation of ICS Version 2.0](#)