

IAIS charts course on Insurance Capital Standard (ICS) implementation ahead of adoption in December 2024

- With the planned adoption of the ICS approaching, the IAIS Executive Committee has agreed on an initial plan for ICS implementation.
- Implementation assessment of the ICS will follow a two-step approach. In 2026, the IAIS will coordinate a baseline self-assessment by IAIS members of their implementation of the ICS. The IAIS will then aim to start the first in-depth targeted jurisdictional assessments of ICS implementation in 2027.
- The 2024 ICS data collection package for the final year of the ICS monitoring period has been published today. It integrates evidence-backed changes based on the 2023 ICS monitoring results and feedback from the [2023 public consultation on the candidate ICS as a prescribed capital requirement](#) and the ICS economic impact assessment.

Basel, Switzerland – The International Association of Insurance Supervisors (IAIS) published today the 2024 ICS data collection package for the final year of the monitoring period and announced its high-level plans for ICS implementation.

“Ahead of the ICS’s planned adoption at the end of the year, we are pleased to publish the 2024 ICS technical specifications,” remarked Shigeru Ariizumi, IAIS Executive Committee Chair. “Comments received in response to the 2023 public consultation helped enhance the ICS design, which is now almost ready for adoption. This has enabled us to increase our focus on supporting the comprehensive and consistent implementation of the ICS by jurisdictions.”

The ICS will serve as a consolidated, risk-based measure of capital adequacy for Internationally Active Insurance Groups (IAIGs). It forms the quantitative element of the Common Framework for the Supervision of IAIGs (ComFrame), the qualitative element of which was adopted in 2019. IAIS members are committed to the implementation of IAIS standards, and several members are already taking steps to embed the ICS in their regulatory regimes.

Publication of the [2024 data collection package](#), which was released to volunteer groups in April, provides a clear indication of the final ICS set for adoption in December. It integrates policy changes from the 2023 version, informed by data and feedback collected from volunteer groups, supervisory colleges and other stakeholders during the monitoring period. It also takes into account input obtained from the public consultation on the candidate ICS as a prescribed capital requirement for IAIGs issued in 2023, as well as the ICS economic impact assessment.

The changes in this year’s technical specifications cover the three ICS components (valuation, capital requirement and capital resources). They clarify several aspects (notably the Middle Bucket) of the Market Adjusted Valuation (MAV), simplify the interest rate risk module and, more generally, fix a few calibration and design issues for purposes of consistency, and the determination of capital resources and the capital requirement.

ICS implementation

With the ICS adoption date approaching, the IAIS has begun planning for its implementation. The IAIS will provide support to its members to facilitate their implementation of the ICS.

The IAIS has also set high-level timelines for its plans to assess the comprehensive and consistent implementation of the ICS across jurisdictions. These timelines recognise that it will take some time for jurisdictions to finalise any necessary regulatory and supervisory changes to align with the ICS, taking into account jurisdictional circumstances, and for the IAIS to prepare for implementation assessment.

The IAIS Executive Committee agreed that ICS implementation assessment will follow a two-step approach, mirroring the successful model used for the IAIS' implementation assessment of the [Holistic Framework supervisory material](#), the IAIS' standards for macroprudential supervision that were adopted in 2019. In 2026, the IAIS will coordinate a baseline self-assessment by IAIS members of their progress in implementing the ICS, which will serve as a baseline for future implementation progress monitoring. The IAIS will then aim to start in-depth targeted jurisdictional assessments in 2027.

In preparation, the IAIS will begin developing a detailed ICS implementation assessment methodology in 2025, leveraging the IAIS' general principles and methodologies for assessing its standards, while taking into account the quantitative nature of the ICS. Recognising that the assessment should not be a line-by-line exercise, the methodology will specify an appropriate level of granularity and articulate the quantitative and qualitative analyses to be used in the assessment.

The IAIS will also undertake further work this year to define the need for and scope of any future ICS-related data collection from insurance groups and group-wide supervisors that may be necessary to facilitate the consistent implementation of the ICS. While the scope of such potential data collection has yet to be defined, by its nature, any such data collection would be more targeted than the data collection undertaken during the monitoring period, which supported the development of the ICS.

Aggregation Method

In parallel with the finalisation of the ICS, the United States is developing an Aggregation Method (AM) for group capital adequacy, which, if deemed comparable, will be considered an outcome-equivalent approach for implementation of the ICS. Issues related to the implementation assessment of an AM will be considered by the IAIS once there is greater clarity on the outcome of the AM comparability assessment and the overall ICS implementation assessment methodology. The [2024 AM data collection package](#) was also released to volunteers in April and published today.

Public background webinar

A public background webinar was held on 27 June to provide a general update on the ICS project and its next steps, present the technical specifications and answer questions. A replay of the event and the accompanying slides are available [here](#).

Links:

[2024 ICS data collection package](#)

[AM data collection package](#)

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 (IAIGs). It forms the quantitative pillar of the Common Framework for the Supervision of IAIGs ([ComFrame](#)), the qualitative pillar of which was adopted in 2019. The ICS is planned for adoption at the end of 2024.

About IAIGs

To date, 57 IAIGs have been identified by relevant group-wide supervisors from 19 jurisdictions. All 57 IAIGs have been publicly disclosed and a register of IAIGs can be found 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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