

IAIS publishes preview of 2024 Global Monitoring Exercise results, reflecting financial stability of the insurance sector

- The 2024 Global Monitoring Exercise (GME) builds on a rich data set collected from approximately 60 of the largest international insurance groups and aggregate sector-wide data from supervisors across the globe, covering over 90% of global written premiums.
- Interim results indicate stable solvency, liquidity and profitability positions in 2023, with slight improvements compared to 2022. Aggregate systemic risk scores increased at year-end 2023, mainly driven by an increase in level 3 assets.¹
- The 2024 GME analysis continues to focus on key macroprudential themes identified last year, as these remain a priority for both insurers and supervisors. These themes are (1) risks faced by insurers in light of the challenging and uncertain macroeconomic environment and (2) structural shifts in the life insurance sector.
- Other areas of increased supervisory focus highlighted in the report include operational resilience to cyber risk and climate-related risks.

Basel, Switzerland – The International Association of Insurance Supervisors (IAIS) today published its mid-year preview of the 2024 Global Monitoring Exercise (GME) analysis in advance of publishing the Global Insurance Market Report (GIMAR) in December.

Building on data collected from approximately 60 of the largest international insurance groups and aggregate sector-wide data from supervisors across the globe, covering over 90% of global written premiums, the [GIMAR mid-year update](#) shares interim results on solvency, profitability and liquidity positions and systemic risk developments, and provides an update on the key themes in scope of the 2024 GME.

“This mid-year update provides interim results of the 2024 GME, as well as a preview of the themes in scope for the deep-dive discussions supervisors will hold at the September IAIS meetings,” said Shigeru Ariizumi, IAIS Executive Committee Chair. “While aggregate systemic risk scores increased slightly at year-end 2023, the interim GME analysis found stable solvency, liquidity and profitability positions in 2023, reflecting the overall financial stability of the insurance sector.”

Interim results

Solvency, profitability and liquidity: Interim results from the 2024 individual insurer monitoring (IIM) point to slight improvements in solvency, liquidity and profitability positions. The main factors supporting better solvency positions include higher interest rates in many regions (which can lower the present value of liabilities, particularly for life insurers offering longer-term products), higher premium income, lower dividend payments by insurers, and an upturn in financial markets. Some insurers noted changes to accounting standards, particularly IFRS 17, as a factor affecting profitability. Increases in liquidity positions were driven by higher dividend upstreams (where a

¹ Illiquid, difficult-to-value assets held at fair value.

subsidiary insurer distributes profits to its parent insurer), completion of asset sales, or better alignment of liquidity sources to liquidity needs. At the same time, some insurers experienced declines in liquidity because of increased cash outflows or changes in their investment portfolio composition.

Systemic risk developments: Aggregate IIM systemic risk scores increased slightly compared to the year-end 2022 data. The key driver for the increase was a rise in the level 3 assets indicator, primarily driven by changes to accounting standards (IFRS 9 and 17). The IAIS is conducting further analysis to evaluate options for a more comparable, substance-based risk assessment of mark-to-model assets that is less dependent on accounting treatment.

Key themes in the 2024 GME

As part of its yearly GME process, the IAIS identifies sector-wide macroprudential themes for deeper discussion amongst insurance supervisors worldwide. The 2024 GME continues to focus on last year's themes, as they remain a priority for both insurers and supervisors. These themes include:

(1) Risks faced by insurers in light of the challenging macroeconomic environment

Specific areas of attention are transmission channels from geopolitical risks, second-round effects from commercial real estate exposures, debt sustainability of fixed-income assets and the impact of digitalisation and artificial intelligence on the insurance sector.

(2) Structural shifts in the life insurance sector.

The IAIS will continue its monitoring and assessment of potential financial stability risks arising from structural shifts in the life insurance sector. These shifts relate to the increased allocation of capital to alternative assets and the increased use of cross-border asset-intensive reinsurance. Supervisory matters related to these themes will feed into an Issues Paper planned for publication in 2025.

Other areas of increased supervisory focus

Additional focus areas for the 2024 GME include operational resilience to cyber risk and climate-related risks. The IAIS is currently developing operational resilience objectives for supervisors to support insurers' operational resilience, including cyber resilience. These objectives will be published for public consultation in August. As in prior years, an assessment of climate-related risks will appear as a dedicated chapter in the year-end GIMAR. Additionally, the IAIS will publish a GIMAR special topic edition next year on the potential financial stability implications of natural catastrophes (NatCat) protection gaps.

The full 2024 GIMAR will be published by the end of the year. The report will elaborate on key potential systemic risk developments in the insurance sector, compare these to those in the banking sector and detail solvency, profitability and liquidity positions. It will also include a deep dive into the key themes of the 2024 GME, which global supervisors will discuss in September.

Read the 2024 GIMAR mid-year update [here](#).



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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