

IAIS adopts Insurance Capital Standard and other enhancements to its global standards to promote a resilient insurance sector

- IAIS adopts first comprehensive global capital standard for insurance supervision, the Insurance Capital Standard (ICS), providing a risk-based measure of capital adequacy for internationally active insurance groups (IAIGs).
- IAIS also adopts important updates to existing qualitative global standards for insurance supervision, the Insurance Core Principles and ComFrame, which are applicable to the supervision of the insurance sector as a whole, and of IAIGs, respectively. The updates relate to climate risk, recovery and resolution, and valuation and capital adequacy.
- The adoption of these standards underscores IAIS' ongoing efforts to promote a resilient insurance sector and contribute to global financial stability.

Cape Town, South Africa – At its Annual General Meeting today, the International Association of Insurance Supervisors (IAIS) adopted the global Insurance Capital Standard (ICS). Additionally, members endorsed substantial updates to the IAIS Insurance Core Principles (ICPs) and Common Framework for the supervision of internationally active insurance groups (ComFrame). This significant milestone marks a major advancement in insurance supervision – enhancing financial stability and building a more resilient global insurance sector to better serve and protect policyholders around the world.

“The adoption of the ICS and these updated standards represent a pivotal moment for the global insurance sector,” said Shigeru Ariizumi, IAIS Executive Committee Chair. “Taken together they will better safeguard the interests of policyholders and enhance financial stability at a time when a strong and resilient insurance sector is critical to tackling pressing societal challenges.”

The Insurance Capital Standard

The ICS provides a globally comparable risk-based measure of capital adequacy for internationally active insurance groups (IAIGs) and forms the quantitative element of ComFrame. It will serve as a group-wide prescribed capital requirement, which is a solvency control level below which supervisors will intervene on group capital adequacy grounds.

The ICS will help ensure that IAIGs maintain sufficient capital to withstand potential stresses and thereby protect policyholders. It will also provide a consistent and transparent framework for supervisors to evaluate the financial soundness of IAIGs. Currently, there are 59 IAIGs identified by group-wide supervisors from 18 jurisdictions across the globe. These are often complex groups operating across multiple jurisdictions and regions, which amplifies the importance of having a common language for solvency supervision.

The specifics of the ICS have been adopted in the [Level 1 text](#) setting out the overarching principles and concepts of the ICS, and the [Level 2 text](#) providing detailed specifications.

The IAIS has published additional supporting documents:

- The [ICS calibration document](#) provides explanations on the calculation of the different ICS risk charges and their aggregation. Detailed information is made available for all risk modules within insurance, market, credit and operational risks, as well as for correlation matrices used for aggregating risk charges.

- The [ICS economic impact assessment report](#) provides a qualitative evaluation of potential effects of ICS implementation across jurisdictions, which informed the finalisation of the ICS. It considers potential impacts on insurance products, investment policies, capital and business models.
- The [resolution of public comments](#) document provides the IAIS' response to stakeholder feedback to the 2023 ICS public consultation.

The contents of the Level 1 and Level 2 texts, along with the additional supporting documents, are available on this [page](#).

"After a decade of robust development, four consultations, six field-testing exercises and five years of monitoring, I am delighted that the IAIS has adopted the Insurance Capital Standard as a prescribed capital requirement for IAIGs," remarked Jonathan Dixon, IAIS Secretary General. "The ICS is a testament to how collaborative efforts among global supervisors can lead to significant achievements. Despite the complexities and variations in supervisory and market practices across different jurisdictions, we have successfully charted a way forward together in creating a standard that 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."

Implementation and assessment of the ICS

IAIS members are committed to implementing IAIS standards, and several members are already taking steps to embed the ICS in their regulatory regimes, across all regions.

As set out in the [Aggregation Method comparability assessment report](#), an Aggregation Method (AM) developed by the United States (US) provides a basis for implementation of the ICS to produce comparable outcomes. The comparability assessment highlighted some areas where work as part of implementation of the final AM in the US will help ensure convergence, specifically treatment of interest rate risk and appropriate timing of supervisory intervention. In using the final AM as its implementation of the ICS, the US commits to addressing those areas in appropriate ways, which will be reviewed during the IAIS ICS implementation assessment process.

The IAIS has 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.

- In 2025, the IAIS will begin developing a detailed ICS assessment methodology.
- 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.
- Then, with the aim of starting in 2027, the IAIS will initiate detailed jurisdictional assessments of ICS implementation.

As the final AM will be the US' implementation of the ICS, the assessment of its implementation will be subject to the same timing as ICS implementation assessments in other jurisdictions and subject to a consistent methodology (including both qualitative and quantitative analysis), assessing whether the jurisdictional implementation at least meets the ICS (ie produces at least the same level of prudence as the ICS and similar triggers of supervisory intervention), whilst also focusing on the AM specificities.

The IAIS will continue to work closely with its member jurisdictions to ensure a smooth transition to the ICS and to provide necessary guidance and support throughout the implementation process.

Updates to Insurance Core Principles and Common Framework for the supervision of IAIGs

The IAIS has also finalised a targeted update of its ICPs and certain related standards in ComFrame. The ICPs form the globally accepted framework for supervision of the insurance sector and consist of principal statements, standards and guidance. ComFrame builds upon the ICPs and establishes supervisory standards and guidance specifically focused on the effective group-wide supervision of IAIGs.

Following a comprehensive update of these global standards in 2019, the current, more targeted update aims to ensure that the ICPs remain relevant and effective in addressing emerging risks and challenges faced by the insurance sector today. The updated areas address three topics and benefitted from extensive consultation with members and stakeholders.

- **Climate risk:** To support a globally consistent approach to climate-related risks, the IAIS has made limited updates to certain guidance paragraphs in the ICPs related to investments and enterprise risk management. The ICP Introduction was also updated to position the response to climate risk within the global framework for insurance supervision. Further supporting material will be published in April 2025.
- **Holistic Framework for the assessment and mitigation of systemic risk:** The IAIS agreed on updates to standards related to liquidity risk, counterparty risk appetite, contingency funding plans, and recovery and resolution. These updates further enhance their clarity and incorporate lessons learned from their implementation. Notably, the updates further align the IAIS standards with the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions.
- **Valuation and capital:** Alongside the finalisation of the ICS, the IAIS has also updated the relevant ICPs related to valuation and capital adequacy. These ICPs establish the supervisory requirements for the valuation of assets, liabilities, capital resources and requirements. As a consequence, they form the core foundation of all quantitative, risk-based insurance supervision and, therefore, also for the ICS. The updates made mainly relate to further enhancement of consistency of the text and to enhance clarity.

The updated ICPs and ComFrame are available [here](#).

IAIS members are committed to implementing the updated ICP and ComFrame standards from 2025.

“In the coming years, the IAIS will place a heightened emphasis on globally consistent implementation of the IAIS’ standards, including by assessing implementation across jurisdictions and by supporting members’ efforts in implementing effective supervisory practices,” remarked ExCo Chair Shigeru Ariizumi. “This continued dedication to robust development and implementation of global standards will ensure that the insurance sector remains strong and resilient, well-equipped to face the challenges ahead and to safeguard the stability of global financial systems and protection of policyholders worldwide.”

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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