



International Association of Insurance Supervisors

Press release

Press enquiries: Yoshihiro Kawai
Secretary General
Tel: +41 61 280 9135
Mobile: +41 76 350 9135
E-mail: yoshihiro.kawai@bis.org

10 November 2009

IAIS supports G20 St Andrews Declaration

The International Association of Insurance Supervisors (IAIS), as the international standard-setting body for the prudential supervision of the insurance industry and a member of the Financial Stability Board (FSB), welcomed the latest G20 Declaration to continue strengthening the global financial system.

The G20 welcomed the new IMF/BIS/FSB report on assessing the systemic importance of financial institutions, markets and instruments. To assist this work, the IAIS is today releasing its initial analysis of the relationship between the insurance sector and systemic risk. Peter Braumüller, Chair of the IAIS Executive noted “the purpose of this analysis is to identify challenges which insurance regulators face which are distinctly different to regulators of other financial institutions.” These challenges include:

- In the insurance sector, systemic insurance risk does not typically generate immediate shock effects, but plays out over a longer time horizon. As a result, the working definition in the IMF/FSB/BIS report on assessing the systemic importance of financial institutions could usefully be complemented with a timing-related fourth sub element (in addition to size, lack of substitutability and interconnectedness), thus capturing all forms of systemic insurance risk; and
- The distinct business model of insurance means that the policy solutions for systemically risky activities will likely differ between sectors. We look forward to working with the BIS, FSB and IMF in developing the framework of appropriate policy responses that is also applicable to insurers

The analysis entitled *Systemic Risk and the Insurance Sector* can be found at www.iaisweb.org.

The IAIS continues to reinforce global insurance regulation in support of the G20 stated aims. These actions mainly address:

- enhancing group and cross sectoral supervision, where the IAIS is working in cooperation with the Basel Committee on Banking Supervision and the International Organization of Securities Commissions through the Joint Forum, their joint working group, on the identification of important regulatory gaps and areas for enhanced supervision

- incorporating lessons drawn from the crisis in IAIS standards particularly in respect of solvency and investment, risk management, corporate governance and compensation
- facilitating supervisory cooperation by expanding the operation of the IAIS Multilateral Memorandum of Understanding for the exchange of information between insurance supervisors
- assisting the implementation of standards by providing supervisory assessment mechanisms and implementation programmes.

About the IAIS

Established in 1994, the IAIS is recognised as the leading international policy forum for insurance regulators. It represents insurance regulators and supervisors of some 190 jurisdictions in nearly 140 countries and has also more than 120 insurance professionals, insurers, reinsurers and trade associations as observers. The objectives of the Association are to:

- (a) co-operate to contribute to improved supervision of the insurance industry on a domestic as well as an international level in order to maintain efficient, fair, safe and stable insurance markets for the benefit and protection of policyholders;
- (b) promote the development of well-regulated insurance markets; and
- (c) contribute to global financial stability

The IAIS through its structure – as an Executive Committee representing all regions, a Technical Committee in charge of preparing standards, an Implementation Committee facilitating the implementation of standards and a new Financial Stability Committee - issues global insurance principles, standards and guidance papers, provides training and support on issues related to insurance supervision and works closely with other international institutions to promote global financial stability.