

INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS



STANDARD ON THE STRUCTURE OF CAPITAL RESOURCES FOR SOLVENCY PURPOSES

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Standard on the structure of capital resources for solvency purposes

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1. Purpose and role of capital resources

1. The solvency regime should require insurers to maintain capital resources to meet the regulatory capital requirements.

2. Determination and assessment of capital resources

2. The solvency regime should define the approach to determining the capital resources eligible to meet regulatory capital requirements and their value, consistent with a total balance sheet approach for solvency assessment and having regard to the quality and suitability of capital elements.

3. The solvency regime should establish criteria for assessing the quality and suitability of capital resources, having regard to their ability to absorb losses on both a going-concern and wind-up basis.

4. The solvency regime should require the insurer to assess the quality and adequacy of its capital resources to meet regulatory capital requirements and any additional capital needs.