



**Report from Yoshihiro Kawai, IAIS Secretary General
IAIS Annual General Meeting, Agenda Item 7.
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On this occasion, I would like to provide a brief overview of what we have achieved in the past year and discuss what we should focus on in the coming year before proposing the approval of the IAIS 2015 Annual Report. Specifically I would like to cover the following three areas:

- 1. Achievements over the past one year*
- 2. Challenges that we now face*
- 3. Our key mind-sets in the coming years*

1. Achievements over the past year

First of all, I am very happy to announce that in the previous year, the Association has achieved all of its main goals and targets that were set.

For Standard setting (ICP/ComFrame/ICS)

We have significantly improved ICPs and ComFrame and introduced a thematic approach to standard setting. We have also started integrating ComFrame into ICPs to enhance the consistency of our standards.

ICS has made remarkable progress through intensive field tests, analysis and discussion. We are confident in the development of a solid ICS Version 1.0 in the middle of next year.

For standard implementation

The IAIS is maintaining momentum in all of its key areas of activities, including peer review, self-assessment, MMOU and financial inclusion whilst supporting members to implement standards. In particular—based on the strategy of our Implementation Committee, (ie the Coordinated Implementation Framework) the IAIS has further been able to improve regional initiatives and partnerships (eg A2ii, FSI, World Bank, IMF).

For the area of financial stability

The IAIS has improved the methodology to assess insurers' systemic risk, including the revision of the concept of non-traditional and non-insurance (NTNI) activities. Based on this revised methodology, the IAIS has fully concluded all five phases of the assessment. The IAIS also continues to analyse key risks and trends of the insurance industry and will soon publish the next GIMAR (Global Insurance Market Report) later this year.

For external interactions

In addition to maintaining extensive/productive interaction with FSB and other partner organisations, the IAIS has enhanced its stakeholder engagement through seminars, meetings, consultation documents, Newsletters and more. The IAIS is set to finalise the new stakeholder engagement strategy early next year.

For organisational foundation – this is essential for a strong organisation

We have made remarkable achievements in this area too. This June saw the successful recruitment of Romain Paserot as our new DSG in charge of internal operations. We have maintained solid financial/legal/risk management. We have enhanced the IAIS's web and IT platform and developed a new recruitment system whereby we can assess candidates' attributes in more detail. All of which have contributed to the overall successes of IAIS activities this past year.

2. Challenges that we face now

When we look back at our achievements in the past year, I have observed a prominent trend and challenge that merits our attention.

I have observed that the IAIS deepens a proportionate approach in all ranges of its activities. Until recently, the IAIS's activities have focused on the development of ICPs and their implementation. Indeed, this is still the foundation for our activities and we are constantly enhancing the substance.

For the last few years, in addition to the development of the ICPs and their implementation, the IAIS has promoted proportionate approaches in standard setting, and standard implementation. We have contributed more directly to the regulation and supervision of jurisdictions.

On the one hand, we have developed a more proportionate approach towards developed markets and large internationally active insurers. In 2009, we started the development of ComFrame—applying for internationally active insurance groups. From 2013, we started to develop global insurance capital standards for IAIGs and specific policy measures for G-SIIs.

On the other hand, we have promoted a proportionate approach to emerging markets and microinsurance. From 2012, we have intensified our activities on financial inclusion by creating the financial inclusion-working group and have developed guidance and application papers for microinsurance.

Taking into account different stages of the markets' development, we have also promoted assessment—in addition to ICP assessments; we have conducted field tests for ComFrame and ICS for IAIGs. We have developed a programme for assessing policy measures for GSIs and we have supported A2ii to conduct an assessment on financial inclusion.

These activities create frequent and intensive discussion and coordination with Members and stakeholders. The more proportionate or the more specific our issues become, the more intensive our discussions tend to be.

In short, the IAIS at present contributes to a whole range of insurance activities from financial inclusion to systemic risk, from standard setting to implementing standards, and contributes more directly to jurisdictions' regulation/supervision. These activities all need more intensive discussion and work and we will continue with this momentum.

3. Our key mind-sets

To see this change and challenge - I would like to stress two key mind-sets that we should keep in view for the coming year.

a. Glass is half full

When we discuss our challenges, it is often said that:

- Our goals are too ambitious.
- We do not have sufficient resources.
- It is impossible to succeed.

Or more precisely:

- ICS Version 2.0 is impossible.
- ComFrame is impossible.
- Without resources, sufficient support for emerging markets is impossible.

But in the past it was often said:

Creating ICPs is impossible. ICP peer reviews are impossible. G-SII assessment and designation are impossible. BCR/HLA are impossible.

Our history is a history of making impossible tasks possible. ICPs, ICPs peer reviews, G-SII assessment and designation, and BCR/HLA, we made all happen.

Until a few years ago the glass was empty. We had no ComFrame until 2009. We had no peer review programme until 2012. We had no global capital standards until 2014.

Now we could say the glass is half-full. We are improving ICPs/ComFrame. We have developed global capital standards BCR/HLA. We now have an implementation programme including ICP peer reviews.

With continuous development, the glass will soon become full. We will have ICS Version 1.0 next year. We will have ICS Version 2.0 in 2019. We will have a full set of revised ICPs/ComFrame in 2019. We will have a full assessment and peer review programme for all sets of standards in the near future. We will make best use of partnerships to enhance our support for emerging markets.

The key mind-set here is to reflect on what we have achieved in the past, to be positive, and to continue move on with high-spirit. With this in mind, we will surely accomplish our goals soon in the future.

b. Cooperation to create a greater good

Another key mind-set is co-operation. When we discuss sensitive matters such as G-SIIs, and ICSs, discussions tend to be tense and debates often continue without much progress. I have observed that such types of discussion have significantly increased in the past year. In a sense it is natural to be tense when discussions directly impact on our own regulation/supervision. However, progress should not remain stagnant.

We should step back and reflect the reason why we work together in the IAIS. We work together because we aim to cooperate and create a greater good—an effective and globally consistent insurance supervision. In order to achieve this, there are three stages of discussion (1) express our own views (2) listen to and understand others (3) create a greater good together.

The first stage could be a series of debates where we each address our own views. We could see some intense debates. However, this is only the first stage. We should not spend too much time at this stage.

The second stage is to listen more and try to understand each other better. The foundation of this stage is motivation and a willingness to understand others from different jurisdictions/regions and from different levels of market development, not to just push our own views. This second stage is essential in order to reach the next and final stage.

The final stage is to collectively work towards a greater good. The principle at this stage is that everybody is ready to compromise in order to reach a greater good for all. We should always keep in mind an Article of the IAIS Bylaws which states that we shall act in the best interest of all IAIS Members or the Association not for ourselves or individual jurisdictions.

The essence for this final stage is cooperation. This has been fundamental to the IAIS and its culture for a long period of time. From its conception, the IAIS has considered co-operation to be at the top of its values; a value we tend to forget these days.

We are here to work together, not fight for ourselves or our jurisdictions. We are here to create a greater good, not protect our own interests. We are here to enjoy collegueship, not criticise or frustrate each other. We should now again remind ourselves of integral values—cooperation and creating a greater good with joy and a smile. This is much better for insurance supervision globally, for our Association and for our jurisdictions and for ourselves.

c. Thank you for Members and Secretariat

With our paramount values in mind, I would like to thank our Members for your hard work for this past year. This year was even more intense than the previous year. Without your commitment, without your tireless work, and without your devotion to the Association, we would not have achieved all the remarkable results.

I also thank my Secretariat colleagues for their intensive work for all year around. Indeed the workload is constantly very high and the expectation of the Secretariat has become even higher. My colleagues are an excellent team and have made superb progress. I am very grateful and feel privileged to work in such a wonderful team.

4. Proposal for approval of the IAIS 2015 Annual Report

In the end, it is my honor and pleasure to draw your attention to the IAIS 2015 Annual Report. The report describes concisely, but comprehensively, the activities and achievements of the Association over the past year, which all of us in this room and all our members should be very proud of. I propose the approval of the IAIS' 2015 Annual Report. Thank you.

THE END