

Annual Report 2004-05

*Activities from October 2004 to September 2005
and 2004 financial statements*

International Association of
Insurance Supervisors



INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

Contributing to worldwide financial stability

The IAIS was established in 1994. Its membership includes insurance regulators and supervisors from over 180 jurisdictions from 120 countries. Its objectives are to:

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

↻ Taken from Article 2 of the IAIS By-laws ↻

© International Association of Insurance Supervisors (IAIS), September 2005

ISSN: 1561-235X (print)

ISSN: 1812-2280 (online)

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Foreword

The International Association of Insurance Supervisors (IAIS) was established in 1994 to promote cooperation among insurance supervisors and other financial sector supervisors. Over the years the membership has steadily increased. At present, insurance supervisors from over 180 jurisdictions are Members. In addition, more than 80 organisations and individuals representing professional associations, insurance and reinsurance companies, international financial institutions, consultants and other professionals are Observers. This is indicative of the growing recognition of the IAIS's purposes and the contribution made by insurance supervisory regimes to financial stability. It also reflects the importance of promoting international cooperation in standard-setting and implementation activities by providing opportunities to both practitioners and policy makers to share their expertise, experience and understanding.

The IAIS's achievements can be credited to its Executive Committee comprising of 15 voting members elected from the different regions of the globe and the Chair of the Budget Committee who is an ex officio non-voting member. This is complemented by the Technical Committee, the Emerging Markets Committee and the Budget Committee. These committees are supported by the working parties with a broad participation which shares expertise and information in cost-effective ways. The day-to-day business and affairs of the IAIS are taken care of by its Secretariat located at the Bank for International Settlements in Basel, Switzerland.

The IAIS develops principles and standards and guidance on insurance supervision, which are the essential elements and effective practices in the design and operation of insurance supervisory regimes. In doing so, it helps establish and maintain fair and efficient insurance markets for the benefit and protection of policyholders. The IAIS also prepares various issues papers that provide background on specific areas of interest to insurance supervisors.

Training delivered through seminars and conferences remains a high priority for the IAIS in actively promoting the implementation of its supervisory standards. It works closely with international organisations, regional groups and supervisors to accomplish this mission. The IAIS also develops implementation tools such as case studies on supervisory issues and jointly with the World Bank is developing course material for capacity building of insurance supervisors as part of its Core Curriculum Project.

The IAIS contributes to assessments of jurisdictions' observance of standards in close collaboration with the IMF and the World Bank. The Insurance Core Principles, methodology and self-assessment questionnaire are used for this purpose and by any jurisdiction wishing to improve its supervisory laws and practices. In this regard the IAIS maintains a list of qualified insurance experts who are well equipped to conduct assessments.

The IAIS also collaborates closely with other international financial institutions and international associations of supervisors or regulators, and assists in shaping financial systems globally. In particular, the IAIS is one of the constituting bodies of the Joint Forum and participates in all of its working groups. It is also represented on the Financial Stability Forum. The IAIS has provided input to the International Accounting Standards Board (IASB) for its work in establishing standards for insurance accounting and has a representative as member on the IASB's Standards Advisory Council, as well as official observer status on its Insurance Working Group and Financial Instruments Working Group. In collaboration with other international regulators, IAIS has also supported the establishment of the Public Interest Oversight Board to oversee the public interest activities of the International Federation of Accountants. It also has observer status on the Financial Action Task Force, which combats money laundering and terrorist financing.

Every year the IAIS hosts an Annual Conference to encourage multilateral discussions on topical issues for insurance supervisors and other insurance professionals. The 11th Annual Conference was held in Amman, Jordan on 5–7 October 2004 on the theme *Globalised Insurance Markets- Challenges and Opportunities*. This year's Conference is being held in Vienna, Austria on 18-21 October 2005, on the theme *Solvency, Governance and Market Conduct*.

Chairman's report

After more than a decade of existence, the IAIS now represents the vision of insurance supervisors worldwide. As we continue to work together, we draw our strengths from our Members and through the participation and continuing contribution of Observers to the IAIS.

This year's activities began with the success of last October's 11th Annual Conference in Amman, Jordan. Several key initiatives were taken in the development and harmonisation of insurance standards concomitant with the changing financial landscape – the priority areas being accounting, capital adequacy and solvency, reinsurance and insurance fraud.

For all four of the priority areas, subsequent major steps have been taken:

— Accounting: the adoption of the paper *Issues arising as a result of the IASB's Insurance Contracts Project – Phase II: Initial IAIS observations*. The paper provides initial observations on identified measurement themes common to both financial and regulatory reporting that the IAIS believes the IASB should address in its consideration of Phase II of its Insurance Contracts Project notably regarding the valuation of insurance liabilities. It is important that differences between prudential reporting requirements and general purpose public reporting is reconcilable and that these differences are publicly explained.

— Capital adequacy and solvency: the development of a framework underpinning the IAIS's past and future standard-setting activities and proposing the development of a common structure and standards for the assessment of insurer solvency, followed by the cornerstones for formulation of regulatory financial requirements.

— Reinsurance: the production of the first IAIS *Global reinsurance market report* in December 2004 and significant work toward the development of a supervisory *Guidance paper on finite reinsurance* including an analysis of the use and abuse of finite risk reinsurance; work is in progress on developing guidance on mutual recognition between supervisors of reinsurers.

— Insurance fraud: the drafting of a *Standard on fit and proper requirements and assessment for insurers*, and *Guidance paper on combating the misuse of insurers for illicit purposes*. A guidance paper covering fraud on insurers is also underway.

An insurance core principles self-assessment exercise was undertaken to help insurance supervisors determine the level of observance of the IAIS Insurance Core Principles (ICPs) that were revised and expanded in 2003. This exercise has helped notably in identifying areas where existing standards need to be reinforced and training efforts need to be focussed for better implementation.

Training remains a high priority area for the IAIS. During the past year, the IAIS organised or assisted in fifteen seminars, conferences and workshops throughout the world. This was accomplished in several cases in collaboration with the Financial Stability Institute (FSI). At the same time, the IAIS, along with the World Bank, moved the insurance core curriculum project forward, developing more than 25 high quality modules for in-depth application of the IAIS core principles. Some of these are now being progressively tested through pilot seminars. Financially, this is a significant contribution to the work of the IAIS.

Compared to the prior year, the financial statements for 2004 appear more balanced. This is a direct result of our efforts to decrease expenses as well as the adoption of the Swiss Franc as the operating and reporting currency. The 2004 results are positive and it is also expected that 2005 will result in an excess of revenues and gains over expenditure. To avoid adverse exchange rate movements, membership fees from 2005 are payable in Swiss Francs to match the currency of the IAIS's main expenses. However in order to keep in line with the Medium Term Working Plan for 2004-2008, a new multi-year financial outlook beyond 2008 is being developed to take care of the Association's future needs and ensure efficient utilisation of resources.

The IAIS remains committed to operate in an open and transparent manner. Consistent with this commitment it has developed a policy statement on the scope of Observers' participation in its activities. This statement outlines a principles-based consultation process with Observers that better reflects market realities that are relevant to the standard-setting process.

The IAIS continues working actively and closely with the Financial Stability Forum on global stability issues, with the Joint Forum and its working groups on issues common to supervision of the three financial sectors, and

with the IMF and the World Bank, notably on the Financial Sector Assessment Programme. The IAIS also works closely with the OECD Committee on Insurance and Private Pensions on issues of common interest.

The IAIS continues to receive very substantial support from the Bank for International Settlements for the smooth running of its Secretariat. While thanking all of the IAIS Members and Observers for their continued support in dealing with the many challenges faced by an evolving organisation, I would like to acknowledge especially the assistance of the Financial Services Agency (Japan); the Guernsey Financial Services Commission; the Monetary Authority of Singapore; the Commission de Contrôle des Assurances, des Mutuelles et des Institutions de Prévoyance (France); the Nederlandsche Bank (Netherlands); the Insurance Regulatory and Development Authority (India); the Financial Supervisory Service (Republic of Korea); the Federal Office of Private Insurance (Switzerland); and the National Association of Insurance Commissioners (USA).

We have built a successful foundation to the best of our capabilities. However, in an industry whose landscape is constantly changing, keeping abreast of new developments in order to fulfil the commitments we make to our Members will always remain a challenge. I look forward to your continued enthusiasm and support, as always.



Alessandro Iuppa
Chair – Executive Committee

Report from Chair of the Technical Committee

The Technical Committee has remained very active in enhancing and developing standards and practices as well as taking some significant steps towards building an international solvency framework and requirements.

A milestone was achieved at the General Meeting in Amman when the IAIS issued for public consultation a paper entitled *A new framework for insurance supervision*. The framework now being adopted underpins the IAIS's past and future standard-setting activities on supervision of insurers and outlines the future development of 'cornerstones' for a common structure and common standards for the assessment of insurer solvency.

This framework clarifies the interrelationship between the solvency standards and the other IAIS principles, standards and guidance papers as well as the interdependencies. The framework for insurance supervision encapsulates three levels: preconditions for effective insurance supervision, regulatory requirements on insurers and supervisory action by insurance supervisors. The regulatory requirements consist of three groups of issues: financial issues, governance issues and market conduct issues. In developing the framework, the IAIS needs to be alert to other relevant global financial developments within other global fora. Particularly important are risk-based, supervisory developments in other financial sectors such as the banking approach of 'Basel II'. However, there is also a strong need to reflect the particular nature of insurance, and the specific risks associated with it.

A central part of this framework is the development of a common structure and common standards for the assessment of insurer solvency in order to enhance transparency and comparability across different regulatory regimes, and thereby engender greater convergence of solvency regimes on an international basis. Another milestone has been achieved in that respect, with the issuing of the *Cornerstones for the formulation of regulatory financial requirements*. These cornerstones form the foundation of further work towards a common structure and common standards to be achieved through a *Roadmap for the assessment of insurer solvency*.

Insurance supervisors are significant users of insurers' financial statements and are thus key stakeholders in the development of international accounting standards that impact insurers. The IAIS believes that it would be most preferable if the methodologies for calculating items in public financial statements are able to be used for, or are substantially consistent with, those used for regulatory reporting purposes. This would result in public financial statements and those used for prudential reporting purposes being as similar as possible with easily reconcilable differences. Insurance supervisors are committed to do their part in helping the International Accounting Standards Board (IASB) promulgate the highest quality standard for insurance contracts, as the IASB moves forward with phase II of its Insurance Contracts Project.

Recent publicly reported events have highlighted the need for supervisory awareness and guidance on financial reinsurance contracts. While certain types of these contracts may be useful in specific situations, they can be abused to smooth insurers' profits and mislead users about an insurer's financial position. The *Guidance paper on finite reinsurance* outlines the key areas that supervisors should focus on in addressing possible concerns with such contracts.

In 2003 we adopted a *Supervisory standard on supervision of reinsurers*, building on the *Principles on minimum requirements for supervision of reinsurers*. These anticipate a global approach to the regulation of reinsurers, moving towards a system of accreditation of home supervisors. With this aim in mind the Reinsurance Subcommittee is continuing to focus its efforts on developing mutual recognition criteria and processes. This will enable host supervisors to rely on the supervisory capacity and capability of the home supervisors as well as providing credibility and comfort to the host supervisor on the reinsurance support provided to its local insurers.

In December 2004 the IAIS published its first *Global reinsurance market report*, based upon global reinsurance market statistics for the financial year 2003. The global statistics presented in this report reflect worldwide reinsurance information in a manner which has not been available before and is a

considerable step forward in terms of transparency of the reinsurance sector. Preparation of the second global reinsurance market report is now in progress.

In addition to the above key areas the Insurance Fraud Subcommittee has produced a standard on *Fit and proper requirements and assessments for insurers*, building on and expanding the previous *Guidance paper on fit and proper principles and their application*, and a guidance paper on *Combating the misuse of insurers for illicit purposes*. It is now starting work on a guidance paper on fraud on insurers.

Following last year's *Standard on disclosures concerning technical performance and risks for non-life insurers and reinsurers*, the Enhanced Disclosure Subcommittee has produced a *Standard on disclosures concerning investment risks and performance for insurers and reinsurers* and is now working on a disclosure standard on technical performance and risks for life insurers.

A self-assessment exercise on the Insurance Core Principles was initiated in 2004 to help insurance supervisors determine the level of

their observance with the IAIS Insurance Core Principles, revised and expanded in 2003. The preliminary results of this exercise indicate that attention needs to be paid in areas like market conduct and corporate governance; their non-observance might also lead to overlooking certain risks which could have an adverse impact on the prudential side of supervision.

In 2005-06 we must focus our efforts on making further strong progress towards building the components of an effective international insurance solvency framework and requirements, as well as actively assisting the IASB with its work on international accounting standards that impact insurers, as there is a close interrelationship between these two streams of work.



Tom Karp
Chair – Technical Committee

Report on standard-setting and other technical activities

The IAIS is the recognised international standard setter for insurance supervision. The Technical Committee oversees this work. Major standard-setting and other technical work during the year 2004-05 encompassed:

<p>Framework paper <i>A new framework for insurance supervision</i></p>	<p>The framework is designed to clarify the interrelationship between the solvency standards and the other IAIS principles, standards and guidance papers agreed so far, as well as the interdependencies between ongoing IAIS work. It consists of three main groups of issues: financial issues, governance issues and market conduct issues, and of three levels or perspectives on these, reflecting three different responsibilities: preconditions for effective insurance supervision, regulatory requirements, and supervisory action.</p>
<p>Cornerstones paper <i>Towards a common structure and common standards for the assessment of insurer solvency: Cornerstones for the formulation of regulatory financial requirements</i></p>	<p>The paper outlines a more precise view on a number of key elements or 'cornerstones' for the formulation of regulatory financial requirements for insurers worldwide. Their main role is to act as conceptual guide rails for the further work to be undertaken by the IAIS in that respect. The paper sketches the wider contours of a solvency regime for insurers and flags a number of items that will need to be addressed in future work.</p>
<p>Roadmap paper <i>Roadmap for a common structure and common standards for the assessment of insurer solvency</i></p>	<p>The roadmap outlines a work plan and time path for the formulation of the common structure and common standards for the assessment of insurer solvency, sketches the final deliverables for this project, identifies the main areas and proposes a process for the work to be undertaken.</p>
<p>Supervisory standard <i>Disclosures concerning investment risks and performance for insurers and reinsurers</i></p>	<p>This paper aims to enhance market transparency and facilitate market discipline by setting minimum disclosure requirements, both qualitative and quantitative, so that the market participants can assess the specific risks to which the company may be exposed. This standard requires disclosures on the investment objectives, risk exposures, asset class segregation and performance measurement.</p>
<p>Supervisory standard <i>Fit and proper requirements and assessment for insurers</i></p>	<p>This replaces the <i>Guidance paper for fit and proper principles and their application</i> that was approved by the Annual General Meeting in October 2000. Its objectives are:</p> <ul style="list-style-type: none"> - to address the risk of mismanagement of, and inadequate or inappropriate control or influence over, insurers - to ensure that supervisors of insurers exercise their responsibilities to assess whether insurers are soundly and prudently managed and directed (fit and proper testing) - to facilitate consultation between supervisors and the exchange of information on individuals and insurers to achieve the above.
<p>Issues paper <i>Assessing the IAIS's requirements on cross-border and cross-sector cooperation and information exchange</i></p>	<p>This paper assesses the coverage of different IAIS papers on the issues of cooperation and information exchange among supervisors. The analysis reveals that there is no significant gap found in the IAIS papers.</p>
<p>Guidance paper <i>Combating the misuse of insurers for illicit purposes</i></p>	<p>The guidance paper is being issued to assist supervisors in combating the misuse of insurers for illicit purposes by:</p> <ul style="list-style-type: none"> - providing indicators of higher risk situations to help broaden the perspective of supervisors in their daily activities

	<ul style="list-style-type: none"> - assessing the risk, by focusing on three main areas of attention: corporate governance, the group structure, and the business relationships and transactions with related and third parties - encouraging supervisors to address the risk in this area.
Guidance paper <i>Finite reinsurance</i>	The paper outlines the background on the development of finite reinsurance and its use by insurers, the key characteristics of finite reinsurance and the accounting treatment, the issues that supervisors should be aware of and the supervisory approaches taken to address them, and a number of detailed examples.
Comment paper <i>Issues arising as a result of the IASB's Insurance Contracts Project – Phase II: Initial IAIS observations</i>	The paper provides initial IAIS observations on identified measurement themes common to both financial and regulatory reporting, which it believes the IASB should address in its consideration of Phase II of its Insurance Contracts Project.
Market report <i>Global reinsurance market report 2003</i>	This is the first IAIS global reinsurance market report, and is based upon global reinsurance market statistics for the financial year 2003, covering a very high proportion of reinsurance activity worldwide. The report reflects worldwide reinsurance information in a manner which has not been available before. It makes an important contribution to how reinsurance is operating in the global market.
Summary report <i>Insurance laws, regulations and practices in IAIS member jurisdictions report 2005</i>	This report, based on an analysis of the database, is the second edition following the first report published in 1999. It provides useful comparison of legal aspects of insurance supervision, and contributes to the improvement and mutual understanding of the different insurance supervisory systems.
Summary report <i>Analysis of responses from the ICP self-assessment exercise 2004</i>	This analysis will assist insurance supervisors in determining the level of their observance with the IAIS Insurance Core Principles (ICPs), revised and expanded in 2003. It also helps in identifying areas where existing standards need to be reinforced.

Plans for new future work include:

2005-06

Structure paper	<i>Common structure for the assessment of insurer solvency</i>
Supervisory standard	<i>Asset and liability management</i>
Supervisory standard	<i>Disclosures concerning technical performance and risks for life insurers and reinsurers</i>
Guidance paper	<i>Fraud on insurers</i>
Market report	<i>Global reinsurance market report 2004</i>
Survey report	<i>Impact upon supervisors of the implementation of IFRS 4 by insurers</i>
Comment paper	<i>Second comment paper on issues arising as a result of the IASB's Insurance Contracts Project – Phase II</i>

Supervisory standard	<i>Disclosures (to consolidate and replace three disclosure standards)</i>
Supervisory standards	<i>Financial, governance and market conduct standards for the assessment of insurer solvency</i>
Guidance paper	<i>Mutual recognition of reinsurers</i>
Issues/ Guidance paper	<i>Use of internal models</i>
Market report	<i>Global reinsurance market report 2005</i>

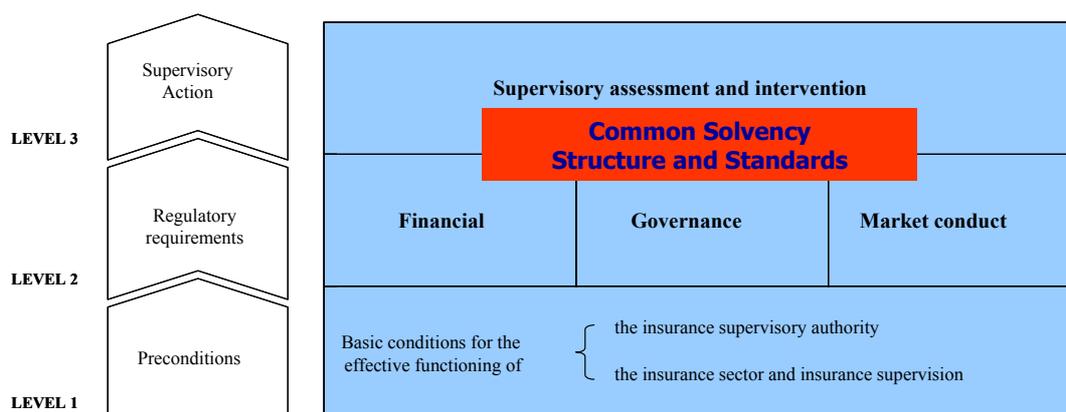
Framework for insurance supervision

In October 2005, the IAIS presents to the General Meeting a paper *A new framework for insurance supervision*, following public consultation in 2004. The framework underpins the IAIS's past and future standard-setting activities on insurance supervision and proposes the development of a common structure and common standards for the assessment of insurer solvency, which take a central position in the framework. This framework is designed to clarify the over-arching interrelationship between the IAIS principles, standards and guidance papers agreed so far, as well as the interdependencies between ongoing IAIS work, and provides a structure for identifying key areas for future work.

In developing this framework and the common structure and common standards for the assessment of insurer solvency, the IAIS recognises that it strongly needs to reflect the particular nature of insurance, and the specific risks associated with it, while being compatible with supervisory developments in other financial sectors for common types of exposure. Particularly important are risk-based, supervisory developments in other financial sectors.

The framework for insurance supervision comprises of three main groups of issues: financial issues, governance issues and market conduct issues. There are also three levels or perspectives on these issues, reflecting three different responsibilities:

- preconditions for effective insurance supervision (for governments to ensure)
- regulatory requirements (for insurers to meet)
- supervisory action (for insurance supervisors to undertake).



Work in progress

Accounting Subcommittee

The Accounting Subcommittee is involved with developments in the field of accounting, related to insurers and insurance supervision on issues other than those which are now being handled by the new Insurance Contracts Subcommittee. It is planning to conduct a survey on the impact upon

supervisors arising from the implementation of IFRS, in particular IFRS 4 (Phase I of the IASB's Insurance Contracts Project) by insurers. The Subcommittee also monitors the accounting-related output of organisations such as the International Federation of Accountants, the International Actuarial Association and the IASB on issues other than those dealt with by the Insurance Contracts Subcommittee, and liaises with these and other organisations of mutual interest. The Accounting Subcommittee has been chaired by Tomoko Amaya, Japan since February 2005 (formerly Florence Lustman, France).

Enhanced Disclosure Subcommittee

The Enhanced Disclosure Subcommittee is drafting a *Supervisory standard on disclosures concerning technical performance and risks for life insurers and reinsurers*. This is the third of the three disclosure standards it intends to prepare – the first being a *Supervisory standard on disclosures concerning technical performance and risks for non-life insurers and reinsurers* adopted in 2004, and the second being a *Supervisory standard on disclosure concerning investment risks and performance for insurers*, which is being presented to the 2005 General Meeting for adoption. It is intended that the three standards will be combined into a single disclosure standard at a later date. The Enhanced Disclosure Subcommittee is chaired by Henning Göbel, Germany.

Financial Conglomerates Subcommittee

The Financial Conglomerates Subcommittee provides a link between the IAIS and the work of the Joint Forum. It is currently focussing on different supervisory architectures for dealing with cross-sector and cross-border issues of conglomerates. The Subcommittee produced the *Issues paper on assessing the IAIS's requirements on cross-border and cross-sector cooperation and information exchange*. The paper stated that no significant gaps were found in IAIS papers on the issues of cooperation and information exchange among supervisors. Further work is in progress to identify obstacles, if any, for exchange of information in this area, and then to take initiatives to remove them. The Subcommittee has also implemented working procedures to enhance the liaison between the IAIS and the Joint Forum. The Financial Conglomerates Subcommittee has been chaired by Noël Guibert, France since February 2005 (formerly Christophe Beaux, France).

Insurance Contracts Subcommittee

This new Subcommittee was set up in February 2005 to deal with all matters related to the International Accounting Standards Board's projects on insurance contracts, financial instruments and revenue recognition. In May 2005, the Subcommittee finalised a paper *Issues arising as a result of the IASB's Insurance Contracts Project – Phase II: Initial IAIS observations*, which the IAIS has provided to the IASB as input into its Phase II project. The Subcommittee has now commenced work on a second paper, which will provide further input from the IAIS to the IASB on this project. The IAIS has two official observers on the IASB's Insurance Working Group (represented by this Subcommittee's Chair, Rob Esson, and Tomoko Amaya, Chair of the Accounting Subcommittee) and is also an official observer of the IASB's Financial Instruments Working Group (represented by this Subcommittee's Chair). The Insurance Contracts Subcommittee is chaired by Rob Esson, USA/NAIC.

Insurance Fraud Subcommittee

Over the last year the Insurance Fraud Subcommittee has been working on a standard on *Fit and proper requirements and assessment for insurers* and a guidance paper on *Combating the misuse of insurers for illicit purposes*. Both these papers are being proposed for adoption at the 2005 General Meeting. Work is in progress on yet another guidance paper on *Fraud on insurers* in the coming year.

The IAIS has observer status in the Financial Action Task Force and is represented at its plenary meetings by the Insurance Fraud Subcommittee Chair. In addition, the Insurance Fraud Subcommittee participates in the Interpol Working Group on Money Laundering & Terrorist Financing. The Insurance Fraud Subcommittee is chaired by Peter van den Broeke, Netherlands.

Insurance Laws, Regulations, Practices and Standards Subcommittee

Following the launch of the Insurance Laws and Reinsurers databases in late 2002, the Insurance Laws, Regulations, Practices and Standards Subcommittee is focussing on promoting jurisdictions to participate in the database, and on technical enhancement to the database. It has also produced a

report on insurance laws, regulations and practices in IAIS member jurisdictions. The Insurance Laws, Regulations, Practices and Standards Subcommittee is chaired by Peter Braumüller, Austria.

Reinsurance and Other Forms of Risk Transfer Subcommittee

The Reinsurance and Other Forms of Risk Transfer Subcommittee has completed a guidance paper on finite reinsurance and has carried out a survey on supervision of finite reinsurance. The Subcommittee has also established a separate Mutual Recognition Subgroup, whose main purpose will be to identify principles for a framework whereby supervisors may recognise the regulatory and supervisory practices in another jurisdiction. It proposes to carry out a survey to enhance understanding of how reinsurers are supervised and could be supervised under a system of mutual recognition, and then develop a guidance paper in future. The Reinsurance and Other Forms of Risk Transfer Subcommittee is chaired by Julie Bowler, USA/Massachusetts.

Reinsurance Transparency Group

The Reinsurance Transparency Group completed and published the first IAIS *Global Reinsurance Market Report* in December 2004 based upon global reinsurance statistics for the financial year 2003. The statistics included in the report reflect worldwide reinsurance information in a manner which has not been available before. Work is now in progress on the production of the second IAIS global reinsurance market report, based upon 2004 data. The Reinsurance Transparency Group has been chaired by Julian Adams, United Kingdom from September 2005 (formerly Alan Spence, United Kingdom).

Solvency and Actuarial Issues Subcommittee

At the request of the Technical Committee, the Solvency and Actuarial Issues Subcommittee has been working on the general paper *A new framework for insurance supervision*; the cornerstones paper *Towards a common structure and common standards for insurer solvency: Cornerstones for the formulation of financial regulatory requirements*; and on the roadmap paper *Roadmap for a common structure and common standards for the assessment of insurer solvency*. Further work will include the development of a structure paper, and standards and guidance papers on both regulatory solvency requirements as well as on supervisory review thereof, as sketched in the Roadmap paper. The common structure and common standards will take into account the supervisory philosophy as embodied in the framework and its further elaboration as outlined in the structure paper. The Subcommittee continues to liaise closely with the International Actuarial Association as it progresses on this work. The Solvency and Actuarial Issues Subcommittee is chaired by Wil Dullemond, Netherlands.

Task Force on the Assessment and Implementation of Insurance Core Principles

In July 2004, the Task Force on the Assessment and Implementation of Insurance Core Principles commenced a new initiative of self-assessment against the revised *Insurance core principles and methodology* adopted in 2003. Responses have been received from 58 jurisdictions. The Task Force is presenting its analysis of the responses received at the 2005 IAIS Annual Conference. The Task Force on the Assessment and Implementation of Insurance Core Principles is chaired by Alessandro Iuppa, USA/Maine.

Observers' involvement

Observer participation is consistent with the IAIS's role as a standard-setting body and as a promoter of standard implementation. The *Policy statement on Observers' participation in IAIS activities* spells out a transparent, principle-based consultation process with Observers. It is hoped that this will bring relevant expertise and perspective that better reflect market realities to the standard-setting framework.

During the year, the Technical Committee working parties have continued to receive substantial support from IAIS Observers. They have provided useful input and comments on a range of issues when requested. Each working party has developed a unique relationship with the Observer community that suits both its needs and operating style. This partnership has been productive and has served to improve the quality and relevance of the IAIS activities.

Report from Chair of the Emerging Markets Committee

The implementation of standards remains a high priority for the IAIS. The Emerging Markets Committee, together with the Education Subcommittee, has supported a number of regional training seminars, many of which were co-organised by the Financial Stability Institute (FSI), produced presentation notes and case studies, and developed guidelines to ensure that seminars maintain a high standard.

The Committee has a procedure to facilitate technical assistance in collaboration with the FIRST (Financial Sector Reform and Strengthening) Initiative, the International Monetary Fund (IMF) and the World Bank, and has provided a forum for emerging market members to discuss issues such as accounting, solvency and reinsurance.

During the period from October 2004 to September 2005, in addition to the several seminars and conferences that the IAIS assisted in, it sponsored and organised eight regional seminars for insurance supervisors in Central and Eastern Europe, Asia, Latin America, the Middle East and North Africa. For each event, insurance supervisors from approximately 15-20 jurisdictions received training on the Insurance Core Principles and other important supervisory subjects through lectures, panel discussions, and other training tools. The events have been well received. Examples of the educational tools which have been developed for these seminars are case studies on risk-based supervision, corporate governance, preventive and corrective measures, on-site inspections, licensing, investment regulations, and intermediaries.

A key new feature is asking participants to submit feedback on the outcome of such training seminars. This provides the opportunity to evaluate the effectiveness of our

training programmes. The World Bank plays a key role in the development of the Core Curriculum Project. This Project is producing a comprehensive learning curriculum together with training material for insurance supervisors. A nine-member Task Force on the Core Curriculum Project, which I also chair, was established to oversee the project. The Emerging Markets Committee works closely with the Task Force.

The IAIS also collaborated with the World Bank on the distance learning programme and this included the production of video CDs covering the Insurance Core Principles and case studies.

The merger of the Education Subcommittee and of the Regional Coordinators Group as the newly constituted Regional Coordination Subcommittee aims at better mapping of the regional training needs and better drafting of a strategy on coordinating technical assistance towards training and implementation of the IAIS standards.

Through the above activities, the Emerging Markets Committee and Regional Coordination Subcommittee are fulfilling their objectives to provide insurance supervisors in emerging markets with guidance and training, besides encouraging them in establishing sound regulatory and supervisory systems to foster the sharing of related information.



Carl Hiralal
Chair – Emerging Markets Committee

Report on standard implementation activities

Practical and effective implementation of the IAIS standards is the principal means of achieving the IAIS goal of developing well-regulated insurance markets. Wider adoption and implementation of the standards contribute to the advancement of insurance supervisory frameworks and insurance markets and to global financial stability. The IAIS plays a key role in facilitating the adoption and implementation of its standards.

The implementation of the IAIS standards is important in all jurisdictions. However, the IAIS pays special attention to emerging market jurisdictions and directs training and other technical assistance to these areas. The Emerging Markets Committee, together with the Regional Coordination Subcommittee, coordinates the IAIS activities aimed at developing insurance supervisory frameworks and capacity in emerging market jurisdictions.

Insurance Core Curriculum Project

The Core Curriculum Project was launched officially in July 2003, in partnership with the World Bank. The goal of the project is to develop a comprehensive learning curriculum together with training material for insurance supervisors. The World Bank is a key provider of funding for the project. The World Bank's role in this project is to assist in developing the learning framework, to provide assistance in content development and management and to ensure wide participation in the development process by supervisors.

Since the project was launched significant progress has been made:

- Both active and former insurance supervisors and industry professionals are engaged in the content development and review.
- There are 35 basic modules covering all 28 ICPs plus 5 additional complex case studies planned for development over the three years from 2004 to 2006, of which 25 modules (including case studies) have been developed as at September 2005. The remaining modules will be completed on schedule. The content of the modules is based on the IAIS Insurance Core Principles, standards and guidance papers. Other standards that are earmarked for future development within the IAIS will be translated into modules when available. After modules are developed, some of them are tested by means of pilot programmes. The second pilot programme was held on 16-19 November 2004 in Pretoria, South Africa. Topics covered were capital adequacy, investments, ratio analysis for non-life insurers and preventive and corrective supervisory measures. A third pilot programme is scheduled to take place in Jordan later this year.
- The Core Curriculum Project is the first successful effort by IAIS Members and Observers to pool resources to develop a body of knowledge that can be used by all supervisors in the training of supervisory staff. Thanks to the project, the development of comprehensive training material has been able to move forward. We have tested some of them and they have been proven to be of high quality.
- A nine-member Task Force oversees the Insurance Core Curriculum Project, which is chaired by Carl Hiralal, Canada.

Training seminars

The IAIS, in collaboration with the FSI, organises and publishes a list of training seminars for insurance supervisors and publishes a list of them. This enables supervisors periodically to plan and budget for relevant seminars. The IAIS and FSI, sometimes in collaboration with other international or local organisations, assist jurisdictions in planning and organising training seminars. The seminars focus on the Insurance Core Principles, or on particular principles, depending on the interest and needs of the audience. The Emerging Markets Committee approved a revised guideline, with more stringent requirements, on how to arrange such seminars and allocate resources effectively.

Training seminars for insurance supervisors between October 2004 and September 2005 assisted or sponsored and organised by the IAIS

	Location	Organiser(s)	Audience
October	Beijing, China	China Insurance Regulatory Commission, FSI, IAIS	Insurance supervisors
November	Pretoria, South Africa	Financial Services Board - South Africa, World Bank, IAIS	The second Core Curriculum Pilot Programme for English speaking African insurance supervisors
	Santo Domingo, Dominican Republic	Superintendencia de Seguros de la Republica Dominicana, ASSAL, IAIS	Latin American insurance supervisors
December	Cairo, Egypt	Egyptian Insurance Supervisory Authority, IAIS	Insurance supervisors in Middle East and North Africa
February-March	Cochabamba, Bolivia	IAIS, OECD, ASSAL, Superintendencia de pensiones, Valores y Seguros, Bolivia	Latin American insurance supervisors
	Lucerne, Switzerland	FSI	Insurance supervisors
March	Dakar, Senegal	FSI, IAIS, CIMA	French speaking African insurance supervisors
April	Basel, Switzerland	FSI	Insurance and banking supervisors
	Phnom Penh, Cambodia	ASEAN Insurance Training & Research Institute, IAIS, MAS, BNM, AFMA, FIRST	Asian insurance supervisors
May	Prague, Czech Republic	IAIS, OECD, Czech Office of the State Supervision in Insurance and Pension Funds, Czech Republic	Pan-European Conference of insurance supervisors,
June	Vienna, Austria	FSI, Joint Vienna Institute	Insurance supervisors from Central and Eastern Europe, Central Asia and Transcaucasia
July	Tortola, British Virgin islands	IAIS, Offshore Group of Insurance Supervisors, Financial Services Commission of the British Virgin Islands	Insurance supervisors
August	Beatenberg, Switzerland	FSI	Insurance supervisors
	Chiangmai, Thailand	ASEAN Insurance Training & Research Institute, IAIS	Insurance supervisors
September	Beirut, Lebanon	IAIS, FSI, Insurance Control Commission - Lebanon	Insurance supervisors of Middle East and North Africa

Translations

The IAIS encourages the translation of its training manuals and case studies to ensure their maximum use. In addition, as indicated below, translations of the IAIS principles, standards and guidance papers into Arabic, French, German and Spanish, prepared by Members, are available at www.iaisweb.org.

IAIS translated papers

	French	German	Spanish
<i>Insurance core principles & methodology (revised 2003)</i>	✓		✓
<i>Principles applicable to the supervision of international insurers and insurance groups and their cross-border business operations</i>			✓
<i>Principles for conduct of insurance business</i>			✓
<i>Principles on capital adequacy & solvency</i>	✓		✓
<i>Principles on minimum requirements for supervision of reinsurers</i>			✓
<i>Supervisory standard on licensing</i>		✓	✓
<i>Supervisory standard on on-site inspections</i>		✓	✓
<i>Supervisory standard on derivatives</i>		✓	✓
<i>Supervisory standard on asset management</i>		✓	✓
<i>Supervisory standard on group coordination</i>		✓	
<i>Supervisory standard on the exchange of information</i>			✓
<i>Supervisory standard on the evaluation of the reinsurance cover of primary insurers & the security of their reinsurers</i>			✓
<i>Standard on supervision of reinsurers</i>			✓
<i>Guidance on insurance regulation and supervision for emerging market economies</i>			✓
<i>Model memorandum of understanding (to facilitate the exchange of information between financial supervisors)</i>			✓
<i>Guidance paper on public disclosure by insurers</i>			✓
<i>Guidance paper for fit and proper principles and their application</i>		✓	✓
<i>Solvency control levels guidance paper</i>			✓
<i>The use of actuaries as part of a supervisory model guidance paper</i>			✓
<i>Stress testing by insurers guidance paper</i>			✓

Members are encouraged to submit translations for website posting, particularly as papers are revised and new papers developed.

Insurance experts

A list of experts who can provide technical assistance to supervisors worldwide is available from the IAIS. These experts can assist supervisors in addressing specific issues noted by the IMF and the World Bank during their Financial Sector Assessment Programme reviews.

Cooperation with external organisations

The continued cooperation that exists with other international organisations including the FSI, the World Bank, IMF, OECD, FIRST Initiative, Toronto International Leadership Centre for Financial Sector Supervision, International Insurance Foundation, NAIC, Geneva Association and UNCTAD has helped enormously in ensuring that emerging markets have access to assistance and training in insurance supervision. The IAIS also greatly appreciates the support given by the Japanese Government. Increasingly, many developed countries, in cooperation with the IAIS, are organising and participating in training seminars for emerging markets.

Report from Chair of the Budget Committee

For the financial year 2004, the IAIS financial statements resulted in a considerable surplus mainly due to a substantial reduction of foreign currency exposure and successful implementation of cost reduction measures. For reasons of transparency regarding the financial situation of the Association, the report of the Auditors to the Members on the Financial Statements 2004 also covers information on financial support provided by external parties in the form of grants.

The detailed Financial Statements for the year ended 31 December 2004 show revenues exceeding expenditure by USD 294,108. This has been possible due to strengthening of financial and budgetary controls, reduced exchange rate losses, thanks to the favourable exchange rate when converting US Dollars into Swiss Francs in the spring of 2004, as well as the revenues from the Annual Conference that exceeded expectations.

From 2005, the IAIS has moved to the Swiss Franc (CHF) as our operating and reporting currency, which means that fees are expected to be paid in Swiss Francs from 2005 onwards. This will minimise foreign currency exposure in future. According to current Budget control figures, the year 2005 is likely to end with an expected surplus higher than estimated in the 2005 Budget. This is mainly due to the enrolment of new Members and Observers and the further review and strengthening of financial and budgetary controls, which includes the installation of improved monitoring procedures for reasons of prudence and budgetary discipline. We also decided to invest USD 1 million in US Treasury Bonds for a period of 12 months to provide a better yield, while maintaining flexibility in reserves.

The 2006 budget that is being proposed for adoption at the 2005 General Meeting is prepared for the second time in Swiss Francs, with membership fees included in the budget consistent with the fee basis set out in the IAIS Medium Term Working Plan (MTWP).

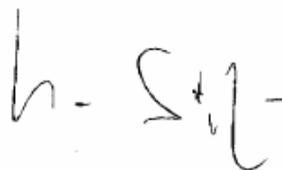
It is essential that the Association has adequate reserves to remain fully operational

in the future. Therefore all factors which may result in a change in the level of reserves need to be assessed against prudent reserve policy and the maintenance of an adequate capital basis. This includes the design of a stress test model to help determine the optimum amount of reserves.

As the budget and fees are closely interlinked with the IAIS reserves policy, the staff and secondee policy, risks in the Budget and the Financial Outlook, the Budget Committee has defined a gap between expected expenses and revenues if the IAIS follows the resource increase as stated in the Medium Term Working Plan (MTWP). To avoid a financial deficit in 2008, it is intended to revise the plan set forth in the MTWP and start with a new multi-year financial outlook for the period 2008-2012.

In order to provide the Association with a proper medium-term financing plan and adequate buffers, a Financial Outlook Task Force was established in May 2005. It consists of Members of the Executive Committee and the Budget Committee who, in cooperation with the Technical Committee and the Emerging Markets Committee, will forecast future activities, resources and risks of the Association from a strategic point of view.

With the exposure to any significant currency mismatch now behind us, and with the improved monitoring instruments and procedures which we have introduced, I believe that we now have in place a solid financial basis on which the new multi-year financial outlook will pave the way for the future.



Thomas Steffen
Chair – Budget Committee

Audited financial statements for the year ended 31 December 2004



PricewaterhouseCoopers AG
St. Jakobs-Strasse 25
Postfach 3877
4002 Basel
Switzerland
Telephone +41 61 270 51 11
Fax +41 61 270 55 88

Report of the Auditors
to the Members
International Association of Insurance Supervisors
Basel

We have audited the accounting records and the financial statements (statement of financial position, statement of activities and notes) of the International Association of Insurance Supervisors (the "IAIS") for the year ended 31 December 2004.

These financial statements are the responsibility of IAIS's management. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the Swiss legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession in Switzerland, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and the financial statements comply with relevant Swiss law and the Association's by-laws.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read 'Ralph R Reinertsen'.

Ralph R Reinertsen

A handwritten signature in blue ink, appearing to read 'Garrett C Thompson'.

Garrett C Thompson

Basel, 7 April 2005

Enclosures:

- Financial statements (Statement of Financial Position, Statement of Activities, and Notes)

IAIS

Statement of Financial Position

As per 31 December 2004

(in US Dollars)

	2004	2003
ASSETS		
Cash and banks	804,534	201,901
Money market investment	1,129,703	1,469,973
Accounts receivable, net	386,861	29,993
Total	<u>2,321,098</u>	<u>1,701,867</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable, net	362,966	214,734
Prepayments	313,279	130,419
PVK Grant	18,776	24,745
	<u>695,021</u>	<u>369,898</u>
Unrestricted Net Assets		
Retained earnings	1,331,969	1,530,472
Changes in unrestricted net assets for the current year	294,108	(198,503)
	<u>1,626,077</u>	<u>1,331,969</u>
Total	<u>2,321,098</u>	<u>1,701,867</u>

IAIS

Statement of Activities

For the year ending 31 December 2004

(in US Dollars)

	2004	2003
CHANGES IN UNRESTRICTED NET ASSETS		
Revenue and gains		
Members fees	875,500	655,000
Observers fees	469,000	355,000
Annual conference income	378,705	326,099
Interest income	9,569	6,870
Total unrestricted revenue and gains	<u>1,732,774</u>	<u>1,342,969</u>
Expenses		
Salary and benefits	1,001,058	858,868
Relocation expenses	12,931	92,179
Annual conference expenses	320,611	208,874
Training	0	7,785
Travel	83,554	123,817
Telephone & fax	5,927	6,569
Copies & postage	1,002	2,626
Printing & documentation	0	136
Audit	3,518	3,234
Meeting expenses	228	4,332
Website	36,337	84,559
Education	49,389	105,821
Exchange rate differences	(77,776)	41,066
Miscellaneous expenses	1,887	1,606
Total expenses	<u>1,438,666</u>	<u>1,541,472</u>
CHANGES IN UNRESTRICTED NET ASSETS	<u>294,108</u>	<u>(198,503)</u>

Notes to the Financial Statements

Year ended 31 December 2004

1 NATURE OF ORGANISATION

The International Association of Insurance Supervisors (the "IAIS") is an Association in accordance with Swiss Law. The Association is domiciled in Basel, Switzerland and receives membership and observer fees from members worldwide.

It is an association of and for the international insurance supervisory officials. The IAIS provides an independent forum for officials to promote cooperation among the Members in carrying out their responsibilities and to enhance their ability to protect insurance policyholders and promote secure and efficient insurance markets.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounts of the IAIS are drawn on the historical cost basis and income and expense items are recorded on the accruals basis.

3 INCOME TAXES

The Association is exempt from income tax.

4 MONEY MARKET INVESTMENT

As at 31 December 2004, 759 units are held in UBS (LUX) money market fund (USD). There are no restrictions for the use of these funds.

5 BENEFITS RECEIVED

The Association is hosted by the Bank for International Settlements, Basel, and benefits from administration, accounting and other advisory services provided by the Bank for International Settlements. The total amount of these benefits has not been determined.

6 THIRD PARTY CONTRIBUTIONS

The use of these funds is restricted as determined by documented agreements with the Contributors.

PVK Dutch Contribution:

USD 50,000 contribution since October 2002. Balance as on 31 December 2004 is USD 18,776. Funds held within the IAIS.

FSA, Japan Grant:

CHF 810,768 total contribution since April 2002. Balance on 31 December 2004 is CHF 97,967. Funds held in separate UBS CHF bank account. All transactions are independent of the activities of the IAIS.

DGF World Bank Grant:

USD 200,000 contribution since January, 2004. Balance as on 31 December 2004 is USD 1,254. Funds held in separate UBS USD bank account. All transactions are independent of the activities of the IAIS.

Report from the Secretariat

The Secretariat aims to provide the best service to IAIS Members and Observers, and reinforce the IAIS and its presence under the overall guidance of the Executive Committee chaired by Alessandro Iuppa. This report describes how the Secretariat has carried out its activities over the year to August 2005. The Secretariat is comprised of eight insurance experts and four administrative officers (see list below), a majority of whom are financed by third party contribution – not by Members' and Observers' fees.

1. Providing best service to IAIS Members and Observers

In accordance with the IAIS By-laws, the Secretariat has focussed on providing service in three areas: setting standards, implementing standards and enhancing communication.

1.1 Setting standards

Under the leadership of Tom Karp, Chair of the Technical Committee, the Secretariat has been providing full support to all the IAIS's 16 working parties, including over 60 meetings during the year. The Secretariat support to the Technical Committee and its working parties included: compilation and analysis of information; taking of minutes; coordination with working party Members and Observers; assisting with the drafting of documents; compiling comments on draft documents and assisting with proposed resolutions; and finalising papers. This has resulted in the papers listed in the Report on standard-setting and other technical activities (see pages 5 & 6). In addition, the Secretariat has assisted in preparing updates and reports to other financial stability organisations and working groups.

1.2 Implementing standards

Supporting Carl Hiralal, Chair of the Emerging Markets Committee, the Secretariat has been assisting the Committee in its task of implementing standards. The Secretariat also, in collaboration with the World Bank, has supported the Core Curriculum Project. The objective of this project is to create comprehensive educational materials to help supervisors in learning about IAIS standards and insurance supervision. In addition it also organised or assisted with 15 regional seminars and workshops over the last year, to increase insurance supervisors' knowledge of the IAIS's standard-setting activities.

1.3 Enhancing communication

The IAIS Secretariat has been constantly improving the communication of information to Members, Observers and the general public. Since June, a list of consultation documents, which is regularly updated, has been available to Members and Observers on the IAIS website. The Secretariat also now issues press releases more frequently than in the past. In the twelve months to August 2005, it issued, on average, one every month. The Secretariat also provides timely information by way of minutes, monthly reports, quarterly newsletters and the annual report.

2. Reinforcing the IAIS

The Secretariat has made efforts to reinforce the IAIS in particular in five areas: controlling the budget, generating resources, representing the IAIS, enhancing Observers' participation, and establishing internal guidelines.

2.1 Controlling the budget

Like any other organisation, the IAIS must endeavour to be cost-effective. Under the guidance of Thomas Steffen and other Budget Committee members, the Secretariat has established clear and comprehensive budget-related policies and procedures. As a result it managed to balance the budget last year. This was in spite of considerable difficulties caused by significant exchange rate fluctuations. To reduce such exchange rate risk, the Secretariat successfully launched a new Swiss Franc-denominated fee basis this year.

In addition, under Victor Rod, Chair of the IAIS Financial Outlook Task Force, the Secretariat is supporting the drafting of a new IAIS financial outlook.

2.2 Generating resources

Thanks to support from partner organisations and Members, the Secretariat obtained or maintained special assistance from the Bank for International Settlements (BIS); the World Bank; Financial Sector Reform and Strengthening (FIRST); FSI; Financial Services Agency (FSA), Japan; Guernsey Financial Services Commission (GFSC); Monetary Authority of Singapore (MAS); Commission de Contrôle des Assurances, des Mutuelles et des Institutions de Prévoyance (CCAMIP), France; Financial Supervisory Service (FSS), Republic of Korea; Insurance Regulatory and Development Authority (IRDA), India; the

Federal Office of Private Insurance, Switzerland; and De Nederlandsche Bank. We very much appreciate the support of these organisations to the IAIS. With this significant support the IAIS has managed to keep to the budget as well as to keep Members' and Observers' fees to a level much smaller than those of similar organisations.

In addition, in cooperation with Members, the Secretariat succeeded in admitting 6 new Members and 22 new Observers in 2005.

2.3 Representing the IAIS

The Secretariat represented the IAIS and enhanced the level of cooperation with various organisations including the Financial Stability Forum (FSF); the Coordination Group - the group formed of the Chairs and Secretary Generals of the IAIS, Basel Committee on Banking Supervision (BCBS), and the International Organisation of Securities Commissions (IOSCO); the Joint Forum; the IMF;; the World Bank; the Organisation for Economic Co-operation and Development (OECD); the FSI; and the International Federation of Accountants (IFAC) Monitoring Group.

For these meetings, the Secretariat plays a role in identifying key issues, coordinating Members' views, presenting them and reporting the results of the main discussions back to Members.

2.4 Enhancing Observers' participation

Under the Executive Committee's guidance, the Secretariat drafted and finalised the policy statement on the scope of Observers' participation in IAIS activities. The aim of this statement is to enhance Observers' participation in IAIS activities and it is expected that this initiative will reinforce dialogue with insurance practitioners in IAIS activities in the coming years.

2.5 Establishing internal guidelines

The IAIS has witnessed considerable progress in activities since its inception. Now the time has come when we need to develop internal guidelines in key functional areas. This is critical to ensure a degree of consistency and high quality of the work being carried out. The Secretariat has developed internal guidelines on working parties covering such aspects as creation, operation and disbandment of working parties; membership of working parties; selection of chairs; roles of the Secretariat, in addition to rationalising general administration guidelines such as organisation of meetings, regional seminars, Annual Conference, etc.

This is a brief report on the Secretariat activities over the last year. The Secretariat remains committed to providing the best service to Members and Observers in a cost-effective manner.



Yoshihiro Kawai
Secretary General

IAIS Secretariat

(October 2004 - September 2005)

	<i>Financed by</i>	
Secretary General		
Yoshihiro Kawai	IAIS	
Deputy Secretary General		
Catherine Lezon	IAIS	
Members of the Secretariat		
Luc Cardinal	IAIS	
Arup Chatterjee	IRDA, India; FSA, Japan	<i>(From February 2005)</i>
Peter Cooke	GFSC, Guernsey BIS	<i>(Until December 2004)</i> <i>(From January 2005)</i>
Lonny McPherson	IAIS	
Makoto Okubo	FSA, Japan	
In Seok Seong	FSS, Republic of Korea	<i>(From February 2005)</i>
Emmanuel Avril	CCAMIP, France; De Nederlandsche Bank	<i>(Until June 2005)</i>
Alex Lee	MAS, Singapore	<i>(Until February 2005)</i>
Administrative Officers		
Masako Anan	FSA, Japan; World Bank	
Choon Choon Blanchard	IAIS	
Anne-Marie Kelly	IAIS	
Carine Notter	BIS	<i>(From June 2005)</i>
Bridget Thomas	BIS	<i>(Until June 2005)</i>

Valérie Staehli employed with the Federal Office of Private Insurance, Switzerland provides part-time assistance for the IAIS Insurance Laws and Reinsurance Databases.

Executive Committee members

Members of the Executive Committee who have served since the 2004 Annual General Meeting are as follows:

Alessandro Iuppa, *Chairman*
National Association of Insurance Commissioners, USA

Michel Flamée, *Vice-Chairman*
Commission bancaire, financière et des assurances, Belgium

Tom Karp
Australian Prudential Regulation Authority, Australia

Peter Braumüller
Financial Market Authority, Austria

Carl Hiralal
Office of the Superintendent of Financial Institutions, Canada

Alejandro Ferreiro Yazigi
Superintendencia de Valores y Seguros, Chile

Thomas Steffen
Bundesanstalt für Finanzdienstleistungsaufsicht, Germany

Peter Neville
Guernsey Financial Services Commission, Guernsey

C.S. Rao
Insurance Regulatory and Development Authority, India

Toru Shikibu
Financial Services Agency, Japan

Bassel Hindawi
Insurance Regulatory Commission, Jordan

Manuel Aguilera-Verduzco
Comisión Nacional de Seguros y Fianzas, México

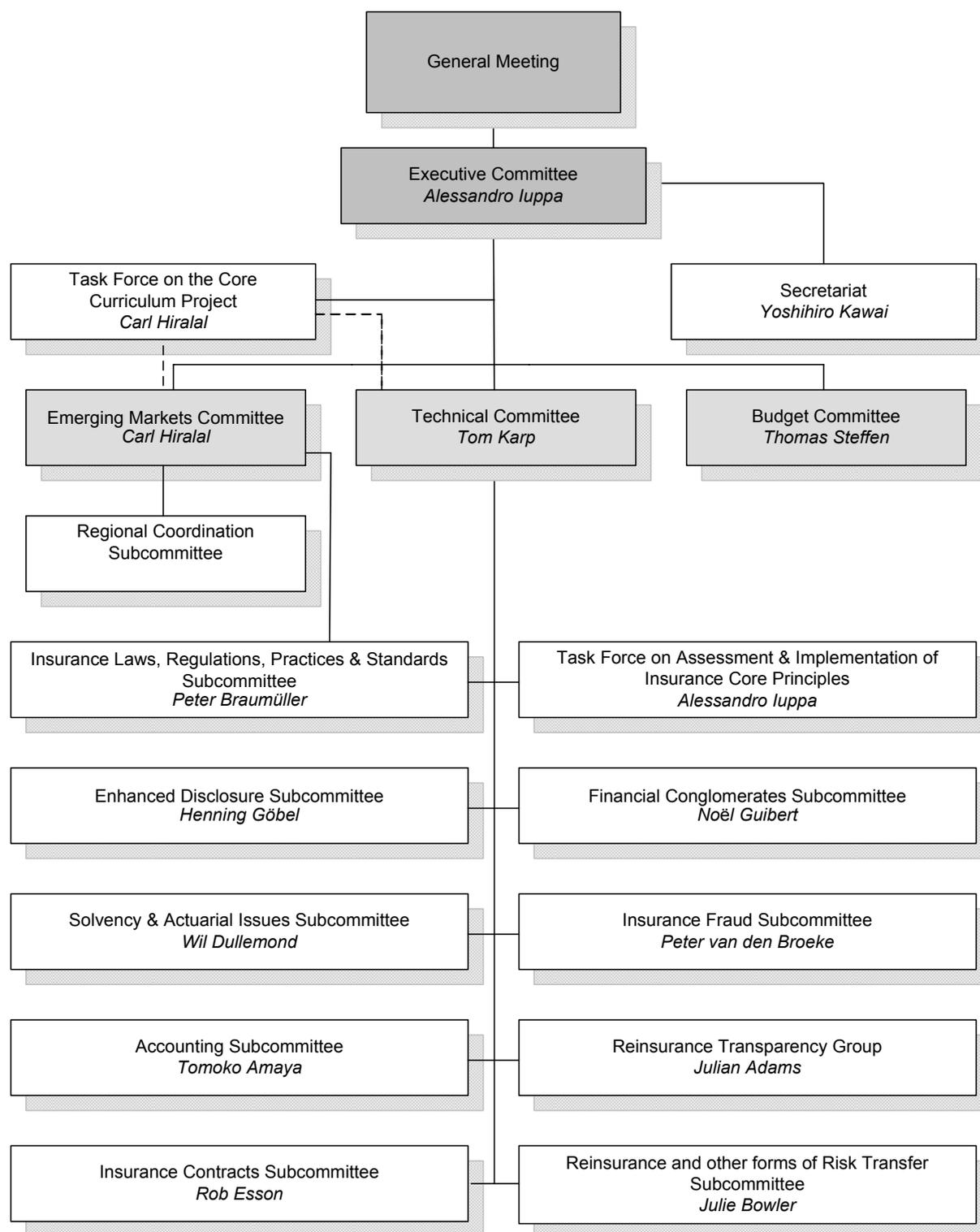
Jan Monkiewicz
Insurance and Pension Funds Supervisory Commission, Poland

Low Kwok Mun
Monetary Authority of Singapore, Singapore

Mashudu Munyai
Financial Services Board, South Africa

Ricardo Lozano Aragües
Dirección General de Seguros y Fondos de Pensiones, Spain

IAIS Organisational structure



Note: Subgroups of working parties of the Technical Committee are not shown

Note: The Education Subcommittee and the Regional Coordinators Group have been merged and renamed as the Regional Coordination Subcommittee. The selection of the first Chair was in the process of approval at the date of this report.

IAIS Members in 2005

Africa	Conférence Inter africaine des Marchés d'Assurances (CIMA)
Albania	Albanian Insurance Supervisory Commission
Argentina	Superintendencia de Seguros de la Nacion Argentina
Aruba	Centrale Bank van Aruba
Australia	Australian Prudential Regulation Authority (APRA) Motor Accidents Authority of NSW Private Health Insurance Administration Council (PHIAC)
Austria	Financial Market Authority (FMA)
Bahamas	Office of the Registrar of Insurance Companies, Ministry of Economic Development
Bahrain	Bahrain Monetary Agency
Barbados	Ministry of Finance and Economic Affairs
Belgium	Commission bancaire, financière et des assurances (CBFA)
Belize	Office of the Supervisor of Insurance
Bermuda	Bermuda Monetary Authority
Bolivia	Superintendencia de Pensiones, Valores y Seguros
Botswana	Ministry of Finance & Development Planning
Brazil	Superintendencia de Seguros Privados (SUSEP)
British Virgin Islands	Financial Services Commission (FSC)
Bulgaria	Financial Supervision Commission
Canada	Office of the Superintendent of Financial Institutions (OSFI) Autorité des marchés financiers, Québec
Cayman Islands, BWI	Cayman Islands Monetary Authority
Chile	Superintendencia de Valores y Seguros
China	China Insurance Regulatory Commission
Chinese Taipei	Financial Supervisory Commission
Croatia	Insurance Supervisory Authority
Cyprus	Ministry of Finance – Insurance Companies Control Service
Czech Republic	Office of the State Supervision for Insurance and Pension Funds
Denmark	Finanstilsynet (Danish Financial Supervisory Authority)
Dominican Republic	Superintendencia de Seguros de la República Dominicana
Ecuador	Superintendencia de Bancos
Egypt	Egyptian Insurance Supervisory Authority
El Salvador	Superintendencia del Sistema Financiero
Estonia	Estonian Financial Supervision Authority
European Commission	European Commission
Fiji	Reserve Bank of Fiji

Finland	Insurance Supervisory Authority Ministry of Social Affairs & Health
France	Commission de Contrôle des Assurances, des Mutuelles et des Institutions de Prévoyance Ministère de l'Economie, des Finances et de l'Industrie
Georgia	Insurance State Supervision Service of Georgia
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht Bundesministerium der Finanzen
Ghana	National Insurance Commission Ghana
Gibraltar	Financial Services Commission
Greece	Direction of Insurance Enterprises and Actuaries
Guatemala	Superintendencia de Bancos
Guernsey	Guernsey Financial Services Commission
Guinea	Direction des Assurances
Honduras	Comisión Nacional de Bancos y Seguros
Hong Kong	Office of the Commissioner of Insurance
Hungary	Hungarian Financial Supervisory Authority
Iceland	The Financial Supervisory Authority
IMF	International Monetary Fund (IMF)
India	Insurance Regulatory and Development Authority
Ireland	Irish Financial Services Regulatory Authority
Isle of Man	Isle of Man Government, Insurance and Pensions Authority
Israel	Ministry of Finance
Italy	Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo (ISVAP)
Jamaica	Financial Services Commission
Japan	Financial Services Agency
Jersey	Jersey Financial Services Commission
Jordan	Insurance Commission
Kazakhstan	Financial Supervision Agency of Kazakhstan
Kuwait	Ministry of Commerce & Industry
Labuan, Malaysia	Labuan Offshore Financial Services Authority (LOFSA)
Latvia	The Financial and Capital Market Commission
Lebanon	Insurance Control Commission
Lesotho	Central Bank of Lesotho
Liechtenstein	Amt für Volkswirtschaft, Versicherungsaufsicht
Lithuania	Insurance Supervisory Commission of the Republic of Lithuania
Luxembourg	Commissariat aux Assurances
Macau	Autoridade Monetária de Macau
Macedonia	Ministry of Finance
Malaysia	Bank Negara Malaysia
Malta	Malta Financial Services Authority

Mauritius	Financial Services Commission
México	Comisión Nacional de Seguros y Fianzas
Mongolia	Ministry of Finance and Economy
Morocco	Direction des Assurances et de la Prevoyance Sociale
Namibia	Namibia Financial Institutions Supervisory Authority
Nepal	Beema Samiti (Insurance Board)
Netherlands	De Nederlandsche Bank Ministerie van Financiën
Netherlands Antilles	Bank van de Nederlandse Antillen
Nevis	Nevis Financial Services Department
New Zealand	Ministry of Economic Development
Norway	Kredittilsynet
OECD	Organization for Economic Co-operation & Development
Pakistan	Securities and Exchange Commission of Pakistan (Insurance Division)
Panama	Superintendencia de Panama
Papua New Guinea	Department of Finance & Treasury
Peru	Superintendencia de Banca y Seguros del Peru (SBS)
Philippines	Insurance Commission
Poland	Insurance and Pension Funds Supervisory Commission
Portugal	Instituto de Seguros de Portugal
Republic of Korea	Financial Supervisory Service (FSS) & Financial Supervisory Commission (FSC)
Romania	Insurance Supervisory Commission
Russia	Federal Authority for Insurance Supervision
Samoa	International Companies Office
Serbia	National Bank of Serbia, Insurance Supervision Department
Singapore	Monetary Authority of Singapore
Slovakia	Financial Market Authority
Slovenia	Insurance Supervisory Authority
South Africa	Financial Services Board
Spain	Dirección General de Seguros y Fondos de Pensiones
Sri Lanka	Insurance Board of Sri Lanka
Suriname	Centrale Bank van Suriname
Sweden	Finansinspektionen
Switzerland	Bundesamt für Privatversicherungen
Tanzania	Ministry of Finance
Thailand	Department of Insurance
Trinidad & Tobago	Central Bank of Trinidad & Tobago
Tunisia	Ministère des Finances, Comité Général des Assurances
Turkey	Prime Ministry, Undersecretariat of Treasury

Turks & Caicos BWI	Financial Services Commission
Uganda	Uganda Insurance Commission
Ukraine	State Commission for Regulation of Financial Services Markets in Ukraine
United Arab Emirates	Dubai Financial Services Authority (DFSA)
United Kingdom	Financial Services Authority
Uruguay	Superintendencia de Seguros y Reaseguros
USA	National Association of Insurance Commissioners (NAIC)
Vanuatu	Vanuatu Financial Services Commission
WB	World Bank (WB)

Candidates for membership since the 2004 General Meeting (applications received by end of August 2005):

Bhutan	Royal Monetary Authority of Bhutan
Kosovo	Banking and Payments Authority of Kosovo
Saudi Arabia	Saudi Arabian Monetary Agency (SAMA)
Sudan	Insurance Supervisory Authority
Sultanate of Oman	Capital Market Authority
Syria	Syrian Insurance Supervisory Commission (SISC)

IAIS Observers in 2005

International Institutions	Asian Development Bank (ADB) Association Internationale des Sociétés d'Assurance Mutuelle (AISAM) Comité Européen des Assurances (CEA) Federación Interamericana de Empresas de Seguros (FIDES) International Actuarial Association (IAA) International Insurance Foundation (IIF) The Geneva Association World Federation of Insurance Intermediaries (WFII)
Australia	Insurance Council of Australia Limited
Bermuda	Association of Bermuda Insurers and Reinsurers
Brazil	Federação Nacional das Empresas de Seguros Privados e de Capitalização (FENASEG)
Canada	Canadian Life & Health Insurance Association Inc. CompCorp Insurance Bureau of Canada Lawrie Savage & Associates Inc. Manulife Financial The Toronto International Leadership Centre for Financial Sector Supervision
Chinese Taipei	Taiwan Insurance Institute The Life Insurance Association of the Republic of China The Non-Life Insurance Association of the Republic of China
Denmark	International Health Insurance danmark a/s
Finland	Federation of Finnish Insurance Companies
France	Deloitte Touche Tohmatsu Fédération Française des Sociétés d'Assurance SCOR
Germany	Allianz AG Gesamtverband der Deutschen Versicherungswirtschaft KPMG Deutsche Treuhand-Gesellschaft AG Münchener Rückversicherungs-Gesellschaft
Israel	Association of Life Insurance Companies Ltd
Italy	Associazione Nazionale fra le Imprese Assicuratrici
Japan	Aioi Insurance Co Ltd. Meiji Yasuda Life Insurance Company Mitsui Sumitomo Insurance Company Nippon Life Insurance Company NIPPONKOA Insurance Company Ltd. Sompo Japan Insurance Inc

	Sumitomo Life Insurance Company
	The Dai-ichi Mutual Life Insurance Company
	The General Insurance Association of Japan
	The Life Insurance Association of Japan
	The Toa Reinsurance Company Ltd.
	The Tokio Marine and Fire Insurance Co Ltd.
Luxembourg	Association of International Life Offices (AILO)
Netherlands	Verbond van Verzekeraars
Poland	Polish Chamber of Insurance
Portugal	Associação Portuguesa de Seguradores
Singapore	General Insurance Association of Singapore
	Life Insurance Association (LIA)
Spain	Unión Española de Entidades Aseguradoras y Reaseguradoras (UNESPA)
Switzerland	Schweizerischer Versicherungsverband
	Swiss Re
	Towers Perrin Tillinghast
	XL Insurance
	Zurich Financial Services
Turkey	Association of the Insurance and Reinsurance Companies of Turkey
United Kingdom	Association of British Insurers
	Barlow Lyde & Gilbert
	Clifford Chance
	Ernst & Young LLP
	Government Actuary's Department
	International Underwriting Association of London
	LeBoeuf, Lamb, Greene & MacRae
	Lloyd's
	Mercer Oliver Wyman
	Pricewaterhouse Coopers
	Royal & Sun Alliance Insurance Group plc
USA	A.M. Best Company
	ACE INA Holdings Inc.
	American Council of Life Insurers
	American Insurance Association
	American International Group Inc.
	GE Insurance Solutions
	Insurance Services Office Inc.
	New York Life International
	Reinsurance Association of America
	The Chubb Corporation

Candidates for observership since the 2004 General Meeting (applications received by end of August 2005):

International Institutions	International Cooperative and Mutual Insurance Federation (ICMIF)
Bermuda	Scottish Re Group Limited
Canada	Property and Casualty Insurance Compensation Corporation (PACICC) RGA International Corporation Sun Life Financial
India	ICICI Lombard General Insurance Company Limited
Lebanon	i.e. Muhanna & Co (Actuarial Services)
Netherlands	Network for Studies on Pensions, Aging & Retirement (Netspar) ING Group
Republic of Korea	Hyundai Marine & Fire Insurance Co Ltd. Kyobo Life Insurance Co Limited L.G. Insurance Co Ltd. Oriental Fire & Marine Insurance Co Ltd. Samsung Fire and Marine Insurance Co Ltd. Samsung Life Insurance Co Ltd.
Russia	Russian Association of Motor Insurers
Ukraine	Lemma Insurance Company
USA	ACORD Group of North American Insurance Enterprises, Inc Property Casualty Insurers Association of America (PCI) Office of Thrift Supervision The PMI Group Inc