Public Consultation on the Development of Liquidity Metrics: Phase 1 – Exposure Approach

Thank you for your interest in the public consultation on the Development of Liquidity Metrics: Phase 1 – Exposure Approach. The Consultation Tool is available on the IAIS website from Monday 9 November 2020 and the deadline for submitting comments is Sunday 7 February 2021.

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| **Please do not submit this document to the IAIS. All responses to the Consultation Document must be made via the Consultation Tool to enable those responses to be considered.** |

Questions:

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| 1 | Do you agree with the IAIS’ plan for the development of liquidity metrics for monitoring? If not, please explain what changes you recommend and why. |
| 2 | Should the IAIS consider any other approaches or alternatives when developing liquidity metrics? If so, please explain. |
| 3 | Should the IAIS develop additional liquidity metrics that examine other time horizons? If so, how should these metrics differ from the proposed metric? |
| 4 | Do you agree with the exclusion of separate accounts from the ILR? If not, how should separate accounts be incorporated? |
| 5 | Do you agree with the proposed factors for liquidity sources? If not, please explain. |
| 6 | Do you agree with the treatment of investment funds? If not, please explain and suggest an alternative treatment. |
| 7 | Do you agree with the treatment of premiums? If not, please explain how premiums and excluded expenses should be treated in the ILR. |
| 8 | How should instruments issued by financial institutions be treated within the ILR? |
| 9 | Do you agree with the inclusion of certain encumbered assets as liquidity sources within the ILR or should the IAIS alternatively exclude these encumbered assets and measure certain the related liquidity needs on a net basis? Should any additional liquidity needs be included in the calculation because encumbered assets are included as a liquidity source? |
| 10 | Do you agree with the treatment of liquidity risk from surrenders and withdrawals from insurance products in the ILR? If not, please explain how this could be improved. |
| 11 | How should the IAIS capture liquidity needs from policy loans? Should these be incorporated into the ILR or be an alternative metric? |
| 12 | Do you agree with the factors applied to retail insurance products being half of the factors applied to institutional products? How should the factors applied to retail and institutional policies differ? |
| 13 | Do you agree with the treatment of unearned premiums in the ILR? If not, how can it be improved? |
| 14 | Should the IAIS apply standardised factors to insurers projected ultimate catastrophe losses or rely on company projections for the speed of catastrophe payments and reinsurance recoveries? |
| 15 | Do you agree with the proposed treatment of catastrophe insurance claims? If not, how can it be improved? |
| 16 | Should the proposed treatment of deposit liabilities include more or less granularity? If so, what additional dimensions (eg the presence of an effective deposit insurance scheme) should be captured or left out? |
| 17 | Should the proposed factors be modified? If so, please explain how and why. |
| 18 | Should insurance contracts without significant exposure to insurance events be captured by these factors, or included with other policyholder liabilities? |
| 19 | Do you agree with the treatment of derivatives? If not, please explain and suggest an alternative treatment. |
| 20 | How should the ILR treat debt with financial covenants that may be triggered under stress? |
| 21 | How should the ILR assess potential liquidity needs from a downgrade? |
| 22 | Do you agree with the discussed limitations and mitigations of the ILR? What other limitations should the IAIS consider and how can these be mitigated when the IAIS monitors liquidity risk? |
| 23 | General comments on the Public Consultation Document on the Development of Liquidity Metrics: Phase 1 – Exposure Approach |