

PRESS RELEASE
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IAIS reports on impact of Covid-19 pandemic on the global insurance sector

- *The 2020 Global Insurance Market Report (GIMAR) shares results from IAIS global data collection in the first half of 2020.*
- *The analysis shows that the global insurance industry has remained both operationally and financially resilient to the shocks triggered by Covid-19, yet uncertainties remain for the future outlook.*
- *The report also highlights the variety of measures supervisors have taken in response to the pandemic.*

Basel, Switzerland - The International Association of Insurance Supervisors (IAIS) today published its 2020 Global Insurance Market Report (GIMAR). The report discusses the impact of Covid-19 on the global insurance sector from a supervisory perspective.

High-level results indicate that despite the considerable volatility in financial markets during the first half of the year, the global insurance sector has remained both financially and operationally resilient, aided by supervisory measures providing operational relief and by monetary and fiscal support measures in financial markets in certain regions.

“The Covid-19 pandemic has underscored the importance of a resilient insurance sector”, said Dr Vicky Saporta, IAIS Executive Committee Chair. “The industry has been bolstered by the reforms implemented since the 2008 financial crisis. One of those reforms, the IAIS Holistic Framework, adopted only last year, has allowed the IAIS to quickly assess the impact of Covid-19 on the global insurance sector and support global dialogue on supervisory responses”.

The GIMAR shows that the most significant prudential impact on the insurance sector was on solvency and profitability, primarily through losses on the asset side. Nevertheless, solvency ratios generally remained well above jurisdictional requirements. On the liability side, the results vary greatly, depending on the business model. For example, insurers involved in business lines like travel, event cancellation, business interruption and pandemic/excess mortality insurance experienced a more significant impact, whereas insurers with more diversified portfolios were affected to a lesser extent, as claims in other lines such as motor insurance decreased significantly due to lower global economic activity. In terms of liquidity, the data suggest that the impact has been limited, raising no immediate concern on the sector’s ability to fulfil obligations at this point.

The supervisory response to Covid-19 has primarily focused on operational relief and resilience of insurers, with prudential measures aimed at capital preservation and enhanced risk management and reporting, and with conduct of business measures aimed at ensuring the continued fair treatment of customers.



Vulnerabilities remain, given uncertainties about the duration and impact of the Covid-19 crisis. These vulnerabilities include the potential for decreasing credit quality of insurers' fixed-income portfolios and the impact of the deepened low yield environment.

The GIMAR relies on data collected as part of the IAIS' Global Monitoring Exercise (GME), as well as information from IAIS members on their supervisory responses. The GME, which is part of the IAIS' risk assessment framework, is made up of data from close to 60 of the largest international insurance groups and close to 40 insurance supervisors, covering more than 90% of global gross written premiums.

Since the Covid-19 crisis began, the IAIS has been actively monitoring the impact on the sector and facilitating ongoing supervisory cooperation and exchange amongst member supervisors and stakeholders. The IAIS remains committed to supporting a forward-looking assessment of vulnerabilities and a global dialogue on appropriate supervisory responses.

The 2020 Global Insurance Market Report can be found [here](#).

About the IAIS

The IAIS is a global standard-setting body whose objectives are to promote effective and globally consistent supervision of the insurance industry to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to the maintenance of global financial stability. Its membership includes insurance supervisors from more than 200 jurisdictions. For more information, please visit www.iaisweb.org.