

Newsletter

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Calendar Notes

IAIS Annual Conference Registration Deadline is 13 October



If you have not yet registered for the upcoming IAIS Annual Conference in Kuala Lumpur, Malaysia, please do so today. The conference provides a unique opportunity to learn the latest about IAIS workstreams and insurance market trends, and engage with insurance peers from throughout the world. Please click [here](#) to register.

For more information or to subscribe to the newsletter and e-mail alerts, please visit iais@bis.org. Comments and suggestions are always welcome.

From the Secretary General

Looking Forward to ICS Version 2.0

Incoming IAIS Secretary-General Jonathan Dixon and I recently paid a visit to IAIS Members in China, the Republic of Korea and Hong Kong. We were impressed by their interest in the development of ICS (Insurance Capital Standard) Version 2.0.

The China Insurance Regulatory Commission (CIRC) has implemented the China Risk Oriented Solvency System (C-ROSS). Having ICS Version 2.0 available in 2019 can help inform regional thinking on any future solvency enhancements.

The Financial Supervisory Service of the Republic of Korea is using ICS 1.0 for extended field testing as a form of benchmarking for their solvency regulation. Timely introduction of ICS Version 2.0 could help guide planned enhancements to their solvency regime.

Development of an internationally consistent solvency regulation in Hong Kong is a priority for the Hong Kong Insurance Authority. Having ICS Version 2.0 available for consideration in 2019 would be a valuable resource in this undertaking.

With all of the activity surrounding the development of the ICS, these are the daily reminders of the many individual perspectives, needs and aspirations of our Members when it comes to the ICS. As we work towards ICS Version 2.0, we must continue to listen and understand.

Like China, the Republic of Korea and Hong Kong, many IAIS Members are enhancing their solvency regime and would like to develop it in a solid and internationally consistent manner. They are looking forward to having an effective and implementable ICS Version 2.0 in 2019.



In Focus...**IAIS Releases Application Guidance for Supervising MCCOs**

On 12 September, the IAIS Executive Committee adopted the *Application Paper on Mutuals, Cooperatives and Community-based Organisations in Increasing Access to Insurance Markets* (Application Paper).

The Application Paper provides application guidance for the supervision of Mutuals, Cooperatives and Community-based Organisations (MCCOs). The objectives are twofold.

The first objective is to increase supervisory understanding of MCCOs by describing the MCCO sector and MCCO features. This will help supervisors apply appropriate and proportionate measures and avoid unnecessary supervisory barriers for MCCOs. The IAIS Insurance Core Principles (ICPs) are required to be applied in a proportionate way:

“(S)upervisory measures should be appropriate to attain the supervisory objectives of a jurisdiction and should not go beyond what is necessary to achieve those objectives. It is recognised that supervisors need to tailor certain supervisory requirements and actions in accordance with the nature, scale and complexity of individual insurers”.¹

The second objective is to enable MCCOs to play a role in increasing access to insurance in jurisdictions challenged in distributing insurance products to un(der)served segments of the population. In these cases, the ability of MCCOs to operate independently as stand-alone entities in remote and rural areas without long distribution lines makes them a potentially important business model for improving access to insurance.

Many MCCOs operate as insurers. However, some also provide administrative, educational and distribution services. Not all MCCOs need to function as underwriters (in a formal or informal way). Some MCCOs can be considered “aggregators”, ie entities that bring together people for non-insurance purposes. These include, but are not limited to, retailers, service providers, utility companies, membership-based organisations or civil society organisations. Insurers, with or without the intervention of agents or brokers, then use these “aggregators” to distribute insurance and – depending on the model – fulfil additional functions such as administration and/or claims pay-outs.

A better understanding of MCCOs will help in applying appropriate and proportionate supervisory measures and avoiding unnecessary supervisory barriers for MCCOs.

--IAIS Application Paper on MCCOs

The Application Paper also provides a general description of the MCCO sector. In one section primarily relevant to those MCCOs operating as insurers, it addresses areas in which the specific nature of MCCOs manifest themselves; notably, formalisation and licensing; corporate governance; capital requirements and capital resources; portfolio-transfers, mergers, demutualisations and wind-ups; supervision general, supervision and supervisory review.

The following are some of the challenges typically encountered in jurisdictions with MCCOs:

- Lack of formalisation of the MCCO sector.
- Multiple competent authorities / supervisors involved (or no insurance supervision).

¹ Excerpt from paragraph 8 of the Introduction to the ICPs.

- Member involvement in the governance of an MCCO and representation on its Board.
- Lack of shareholder capital and alternative funding through member calls and the accounts of subordinate members.
- Member involvement in decisions around transfers of portfolio and winding up.

The Application Paper provides guidance on possible ways supervision and regulation can address these challenges. It also provides practical guidance to carry out a process of formalisation.

To view the Application Paper, please click [here](#).

News Updates

Presentation of the Insurance Capital Standard and ComFrame

At the IAIS committee meetings preceding the 10th Annual IAIS Global Seminar in Old Windsor, United Kingdom, the Executive Committee agreed on a variation to the presentation of the ICS relative to the other

ComFrame² components.

Under this approach, ICS Version 2.0 will be presented as a stand-alone document upon adoption in 2019 and not yet presented as ComFrame-specific material integrated with the ICPs. This does not alter the fact that ICS Version 2.0 will be part of ComFrame. If ICS Version 2.0 were to be presented in the same way as other ComFrame components, its logical location would be to integrate it with ICPs 14 (Valuation) and 17 (Capital Adequacy). However, ICPs 14 and 17 will not be reviewed until after ICS Version 2.0 is adopted, therefore making integration of the ICS at this point unwarranted.

The IAIS will integrate the other ComFrame-specific components with the ICPs (including the ComFrame material provided in the March 2017 public consultation).

All revised ICPs, except ICPs 14 and 17, will be adopted as planned by the end of 2019. Integration of ICS Version 2.0 text into ComFrame text will occur after adoption of ICS Version 2.0. Revision of ICPs 14 and 17 will begin immediately after adoption of ICS Version 2.0.

Stakeholder Engagement

ICS Stakeholder Meeting Planned for Kuala Lumpur

The IAIS will hold a stakeholder meeting on the ICS from 14:00 to 18:00 local time on Wednesday, 1 November, in Kuala Lumpur, Malaysia, in advance of the 2017 IAIS Annual Conference. It will take place in the Lanai Kijang complex adjacent to the main conference venue.

At this meeting, stakeholders are invited to comment on the ICS Version 1.0 for extended field testing document published in July and available by clicking [here](#). In that document, the IAIS welcomed stakeholder feedback for IAIS consideration in developing ICS Version 2.0. Stakeholders interested in making a presentation should contact Peter Windsor and Danita Pattemore via email ([link](#)) by 25

² ComFrame, or Common Framework for the Supervision of Internationally Active Insurance Groups (IAIGs)

October. Please indicate the topics the presentation will cover no later than 25 October and submit any presentation materials no later than 30 October.

To register for the ICS stakeholder meeting, please click [here](#). The IAIS is planning additional regional meetings in Europe and the United States and will release details for those as they become available.

Meetings and Events

Upcoming IAIS Meetings: October – December 2017

Unless otherwise noted, all of the following IAIS meetings will be held in Basel. Members should visit the IAIS website at www.iaisweb.org for more information on a specific meeting and to confirm dates and

locations.

Date	Group
2-3 Oct	Supervisory Material Review Task Force (Dubai)
11-12 Oct	Systemic Risk Assessment Task Force (Frankfurt)
16-18 Oct	Capital, Solvency and Field Testing Working Group
30 Oct-1 Nov	Parent committee meetings (Kuala Lumpur)
10 Nov	Financial Inclusion Working Group (Lima)
13-14 Nov	Macroprudential Policy and Surveillance Working Group (Rome)
16-17 Nov	Systemic Risk Assessment Task Force (Frankfurt)
4-5 Dec	Market Conduct Working Group
4 Dec	Field Testing Volunteer Workshop
6-7 Dec	Governance Working Group
6-7 Dec	Accounting and Auditing Working Group (Paris)
12-14 Dec	Financial Crime Task Force (Singapore)
12-13 Dec	Insurance Groups Working Group

Stakeholder Meetings

For information about any planned stakeholder meetings, please visit the Stakeholder Meetings page of the IAIS website by clicking [here](#).

Seminars and Training

FSI Connect Tutorials Released

The Financial Stability Institute (FSI) recently released two new series of FSI Connect tutorials on reinsurance and the resolution of global systemically important insurers. The existing tutorial, “*Systemic Risk from an Insurance Perspective*”, has been updated and replaced by a series of tutorials to reflect recent IAIS papers on this topic.

FSI Connect Executive Summaries, including the following insurance-related Executive Summaries, are available on the Bank for International Settlements website ([link](#)):

- G-SIIs – assessment methodology
- G-SIIs – capital adequacy
- Systemic risk from insurance product features

Upcoming Seminars:**FSI/IAIS Regional Seminar on Protecting Policyholders and Financial Stability with Risk-based Supervision and Proportionality, 3-5 October, Dilijan, Armenia**

This seminar is open to supervisors in Central and Eastern Europe, Transcaucasia and Central Asia. It will cover topics related to risk-based supervision and macroprudential surveillance. These include insurer-related risks and how these are managed, extending to emerging risks and how these can be addressed. Supervisory measures to protect policyholders and contribute to financial stability form part of the scope. For additional information, please contact the FSI (FSI@bis.org).

FSI/IAIS Regional Seminar on Risk Management and Risk-based Supervision, 17-19 October, Windhoek, Namibia

This seminar is open to supervisors in Sub-Saharan Africa. The agenda focuses on various aspects of risk management, including internal controls and corporate governance. Enterprise risk management, Own Risk and Solvency Assessment (ORSA) and reinsurance are among the topics to be covered. For additional information, please contact the FSI (FSI@bis.org).

Recent Seminars:**Inclusive Insurance Training Programme for Supervisors in Sub-Saharan Africa, 4-8 September, Dar es Salaam, Tanzania**

This training programme was designed to help participants from insurance supervisory authorities understand the importance of taking a proportionate approach to regulation and supervision to improve access to insurance services and ensure low-income consumers are adequately protected. The programme covered recent practices and ideas from selected countries that have advanced the field of microinsurance. The IAIS, A2ii and the Toronto Centre organised the programme hosted by the Tanzanian Insurance Regulatory Authority.

Recent: Regional Seminar for Insurance Supervisors in Latin America on Corporate Governance and Enterprise Risk Management, 5-7 September, Mexico City, Mexico

This Seminar provided an opportunity for department heads at Latin American insurance supervisory authorities to explore the practical regulatory and supervisory issues concerning the implementation of global prudential standards, specially based on the appropriate evaluation and application of corporate governance and enterprise risk management. The seminar offered highly practical and interactive training on top insurance issues. The main topics covered the roles and responsibilities of the board and senior management; sound risk management and risk culture; supervisory reporting, transparency and market discipline; enterprise risk management and the role of ORSA and supervisory assessment of corporate governance and enterprise risk management. This seminar was organised by the FSI, IAIS, the Association of Latin American Insurance Supervisors and the Insurance and Surety National Commission of Mexico.

Notices**FinTech Network for Insurance Supervisors**

The Executive Committee has agreed to establish a virtual network of subject matter experts whose first task is to suggest specific, focused activities the IAIS could add to its next Roadmap. Insurance supervisors with a specialised unit or dedicated staff working on FinTech in insurance from a policy or operational/technical perspective are invited to join this network. If interested, please send a message to Peter van den Broeke at peter.vandenbroeke@bis.org.

Committee and Subcommittee Activities

Committee Activities

Implementation Committee

The IAIS released two implementation-related reports following Executive Committee approval at its June meeting.

The first report is the *Report from the Expert team Conducting the Self-Assessment and Peer Review (SAPR) of ICPs 13 and 24*. ICPs 13 and 24 relate to Reinsurance and Macroprudential Surveillance, respectively. This report includes the assessment results and analysis of the Expert Team's findings ([link](#)).

The second report is the *Supervisory Capacity Building and Development Needs Survey Results Report* ([link](#)). It identifies key challenges for insurance supervisors and areas where capacity building is needed to help supervisors meet these challenges. The report also examines the effectiveness of various tools that could be used to help address identified needs.

Secretariat Support: carole.lin@bis.org

Subcommittee Activities

Accounting and Auditing Working Group

The outcomes from the meeting of the Accounting and Auditing Working Group held on 6-7 September in Washington D.C. included the following:

- Productive dialogue with stakeholders and with representatives of IOSCO, IFIAR and “Big 6” audit firms on matters of interest.
- Advancing ICP 20 (Public Disclosure) revisions and finalising a comment letter on the IASB’s Discussion Paper: *Principles of Disclosure*.
- Agreeing on 2018-19 work plan proposals.

Secretariat Support: mark.causevic@bis.org

Financial Crime Task Force

The Financial Crime Task Force met on 6-7 September in Montreal. The main items discussed were:

- Updating ICP 22 (Anti-Money Laundering and Combating the Financing of Terrorism or AML/CFT).
- Developing an Application Paper on Cybersecurity.

As part of the work on the ICP and the Application Paper, the task force received three presentations from industry experts on financial crime, cybersecurity and InsurTech, and cyber insurance.

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Financial Inclusion Working Group

The Drafting Group for the *Application Paper on Product Oversight in Inclusive Insurance* met on 28-29 August in Hyderabad (India) to review the comments received in the public consultation of this paper. It agreed on proposed resolutions and will proceed to finalise the paper by the end of 2017.

The Drafting Group for the *Application Paper on the Use of Digital Technology in Inclusive Insurance* met by webinar on 22 August to discuss the informal comments on the current draft by the Financial Inclusion Working Group and Market Conduct Working Group. It is now working on a revised draft to be shared with the Implementation Committee for informal comments.

The next in-person meeting of the Financial Inclusion Working Group will be on Friday, 10 November, in Lima, Peru, back-to-back with the International Microinsurance Conference.

Secretariat Support:
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Insurance Groups Working Group

At its meeting on 13-14 September, the Insurance Groups Working Group (IGWG) continued discussion on resolution of comments from the public consultation on ICPs 3 (Information Exchange and Confidentiality Requirements) and 25 (Supervisory Cooperation and Coordination) and ComFrame material integrated into ICPs 9 (Supervisory Review and Reporting), 10 (Preventive and Corrective Measures) and 25 (Supervisory Cooperation and Coordination). The working group also continued discussion on issues related to the scope of “Internationally Active Insurance Group (IAIG)” in the context of ComFrame development. The IGWG plans to submit the draft revised ICPs for FSTC approval on 31 October and Executive Committee endorsement on 1 November.

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Macroprudential Policy and Surveillance Working Group

The Macroprudential Policy and Surveillance Working Group met in Basel on 14-15 September. Three main areas were covered: 1) a first analysis of data from the reinsurance survey, 2) a stakeholder call on ICP 24, whose consultation ends on 1 October, and 3) a discussion of the topics for the 2017 Global Insurance Market Report (GIMAR). The 2017 GIMAR will cover a broad spectrum of topics such as digitalisation in India, cat modelling, solvency reporting and insurance in Saudi Arabia.

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Resolution Working Group

The Resolution Working Group held a meeting in Basel on 12-13 September. The main agenda item was the recovery- and resolution-related material in ICP 10 (Preventive and Corrective Measures) and ICP 12 (Exit from the Market and Resolution) and the ComFrame material integrated therein. The working group discussed the comments received during the public consultation and worked on revised ICP and ComFrame text. The working group plans to submit the revised draft ICPs for Financial Stability and Technical Committee (FSTC) approval on 31 October and Executive Committee endorsement on 1 November.

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Systemic Risk Assessment Task Force

The Systemic Risk Assessment Task Force met on 6-7 September at the Institute for the Supervision of Insurance in Rome. The meeting was devoted primarily to progressing the consultation document on an activities-based approach to systemic risk assessment. This consultation is due to be launched at year-end 2017.

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Supervisory Material Review Task Force

The Supervisory Material Review Task Force continued its work on the resolution of public consultation comments on the Introduction and Assessment Methodology to the ICPs and ComFrame, and on ICPs 9 (Supervisory Review and Reporting) and 10 (Preventative and Corrective Measures). It met by webinar on 23 August to discuss the comments and work on a revised draft. The SMRTF plans to submit the draft for FSTC approval on 31 October and Executive Committee endorsement on 1 November.

The public consultation of ICP 1 (Objectives, Powers and Responsibilities of the Supervisor) and ICP 2 (Supervisor) closed on 29 August. The SMRTF started reviewing the comments in September.

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Access to Insurance Initiative (A2ii) Report



The Access to Insurance Initiative (A2ii) is the IAIS implementation partner on financial inclusion. The A2ii is a unique global partnership supporting insurance supervisors in promoting access to insurance for underserved and low-income populations. .

Recent events

24th A2ii-IAIS Consultation Call on "Supervising InsurTech", 21 September

This supervisor-only event will provide supervisors with an opportunity to hear from their peers and exchange experiences on new digital technologies having an increasingly big impact on insurance markets.

Mutual Exchange Forum on Inclusive Insurance, 3rd Public-Private Dialogue on Inclusive Insurance for Small and Medium-sized Enterprises, 20-21 September, Ulaanbaatar, Mongolia

The A2ii hosted a panel discussion on Micro, Small and Medium Enterprises and regulation and supervision. For more details on this event, please visit www.mefin.org.

Financial Sector Deepening (Africa), Insurance Community of Practice Workshop on InsurTech and Innovation in Developing Insurance Markets, 31 August, Kigali, Rwanda

The A2ii Regional Coordinator for Sub-Saharan Africa participated in this workshop exploring how emerging InsurTech models can address challenges to developing inclusive insurance markets. A key theme was the need for more research around inclusive insurance regulatory frameworks across Africa.

Regional Learning Sessions: Inclusive Insurance Business Models for Africa, 29-30 August, Kigali Rwanda

The Regional Learning Sessions covered strategy and business modelling, health insurance, data insights on client value and business viability, distribution, technology and consumer education. They began with a panel of experts from Munich Re, Access to Finance Rwanda and the A2ii presenting on the state of microinsurance in Africa, the microinsurance market in Rwanda and inclusive insurance regulatory frameworks in Sub-Saharan Africa, respectively. The A2ii also moderated a panel on inclusive insurance regulation where insurance supervisors from Kenya and Zimbabwe shared experiences in supporting the development of inclusive insurance markets.



The Association of Insurers in Rwanda organised the event with support from the Impact Insurance Facility of the International Labour Organisation, FSD Africa, Centre for Financial Regulation and Inclusion, Microinsurance Network (MIN) and A2ii. For more information on this event, please click on this [link](#).

Recent publications

Spanish version of A2ii publication on "Proportionate Regulatory Frameworks in Inclusive Insurance: Lessons from a Decade of Microinsurance Regulation"

This flagship A2ii publication draws on the lessons learned since the beginning of microinsurance regulations and gives an outlook on new trends and challenges ahead for insurance supervisors. To access the publication click [here](#).

23rd Consultation Call: Report on [Proportionate approaches to disclosure of information](#)

This report examines the practical aspects of proportionate disclosure regulation based on the lessons learned from the A2ii study entitled [“Proportionality in practice: Disclosure of information”](#).

10th Consultative Forum Briefing Note: “Scaling up agricultural index insurance in Africa: Building disaster resilience of smallholder farmers”

This Briefing Note summarises the discussions occurring in Kampala, Uganda, during the May A2ii-IAIS-MIN Consultative Forum. This was the second in a three-part series on the topic of agricultural insurance as a tool for disaster resilience in the three developing regions of Asia, Africa and Latin America. The Briefing Note is available here: https://a2ii.org/sites/default/files/events/10th_consultative_forum_briefing_note.pdf

Upcoming events

IAIS-A2ii Regional peer learning workshop on risk-based solvency and early warning indicators, 16 October, Windhoek, Namibia

The Namibia Financial Institutions Supervisory Authority is hosting a regional peer-learning workshop on risk-based solvency and early warning indicators. The IAIS is providing support to the A2ii in organising the event.

This workshop will give insurance supervisors in Sub-Saharan Africa an opportunity to share their approach and experience in assessing the management of insurer solvency as an early warning mechanism to identify emerging risks in insurers. This workshop is aimed at mid-level supervisors working in solvency management.

To receive additional information and to register, please contact Janice Angove, A2ii SSA Regional Coordinator, at janice.angove@fsb.co.za.

Regional seminar for insurance supervisors in Sub-Saharan Africa on risk management and risk-based supervision, 17-19 October, Windhoek, Namibia

The Namibia Financial Institutions Supervisory Authority is hosting a regional seminar on risk management and risk-based supervision). The Financial Stability Institute organising this event with the support of the IAIS and the A2ii. For additional information, please contact Matha Mavulu at mmavulu@namfisa.com.na.

11th Consultative Forum: “Scaling up insurance as a disaster resilience strategy for smallholder farmers in Latin America”, 6 November, Lima, Peru

This Consultative Forum is the third in a three-part series on the topic of agriculture insurance as a tool for disaster resilience. It builds on insights from the earlier consultative forums from Asia Pacific and Africa.

Approximately 60 high-ranking representatives from insurance supervisory authorities, the industry and the public sector are expected to attend.

To participate, please register at this [link](#) by 20 October.

About the IAIS

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions. The mission of the IAIS is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability.

Established in 1994, the IAIS is the international standard setting body responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation. The IAIS also provides a forum for Members to share their experiences and understanding of insurance supervision and insurance markets.

The IAIS coordinates its work with other international financial policymakers and associations of supervisors or regulators, and assists in shaping financial systems globally. In particular, the IAIS is a member of the Financial Stability Board (FSB), member of the Standards Advisory Council of the International Accounting Standards Board (IASB) and partner in the Access to Insurance Initiative (A2ii). In recognition of its collective expertise, the IAIS also is routinely called upon by the G20 leaders and other international standard setting bodies for input on insurance issues as well as on issues related to the regulation and supervision of the global financial sector.

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