

Project Update for the Aggregation Method Comparability Assessment

In response to stakeholder comments on the draft criteria that will be used to assess whether the Aggregation Method (AM) provides comparable outcomes to the Insurance Capital Standard (ICS), the International Association of Insurance Supervisors (IAIS) has decided to provide additional opportunity for stakeholder engagement on the development of scenarios that will be used to inform the assessment. These engagements will begin in October 2022.

The draft criteria refer to the use of scenarios in order to conduct sensitivity analysis. In light of the importance of taking into account the design of these scenarios in finalising the comparability criteria, the IAIS has decided to extend the period for the design of the scenarios and move consideration of the final criteria from November 2022 in Santiago to its meeting in March 2023, where both can be considered together. This change in timeline will help strengthen alignment between the criteria and the design of the scenarios; however, it will not impact the timing of the actual AM comparability assessment, which is scheduled to begin in the second half of 2023.

In November 2019, the IAIS agreed on a process and timeline for developing criteria to assess whether the AM being developed by the United States and other interested jurisdictions (see background section below) provides comparable outcomes to the ICS. In March 2021, following public consultation, the IAIS agreed on a definition of comparable outcomes and six high-level principles (HLPs) to guide the development of the comparability criteria. Subsequently, detailed draft criteria were developed for each HLP and published for consultation in June 2022. The draft criteria were developed in such a way that the AM is neither precluded at the outset as an outcome equivalent approach to the ICS nor given a free pass.

In the consultation feedback on the draft criteria, a large number of respondents expressed the wish to further engage on the design of the scenarios that would be used in the comparability assessment. The IAIS appreciates and values the technical input from stakeholders received so far and has accordingly decided to organise a series of workshops (virtual and in-person) to allow stakeholders to provide further input into the development of the scenarios. The IAIS will consider the feedback received in these workshops in the development of scenarios that are aimed at providing robust, technical input for the comparability assessment. Further details on the timing and format of the workshops will be provided shortly.

Background

In November 2017, the International Association of Insurance Supervisors (IAIS) set out an agreement on the implementation of Insurance Capital Standard (ICS) Version 2.0, including a unified path to convergence of group capital standards in furtherance of its ultimate goal of a single ICS that achieves comparable outcomes across jurisdictions.¹ The agreement acknowledges the development in the United States of an aggregation method to a group capital calculation. The IAIS agreed to help collect data from the US and interested jurisdictions that will aid in the development of the Aggregation Method (AM). While the AM is not part of the ICS, the IAIS aims to be in a position by the end of the monitoring period to assess whether the AM provides comparable (ie substantially the same (in the sense of the ultimate goal)) outcomes to the ICS. If so, it will be considered an outcome-equivalent approach for implementation of ICS as a prescribed capital requirement (PCR).

¹ Refer to the document [Implementation of ICS Version 2.0](#)