



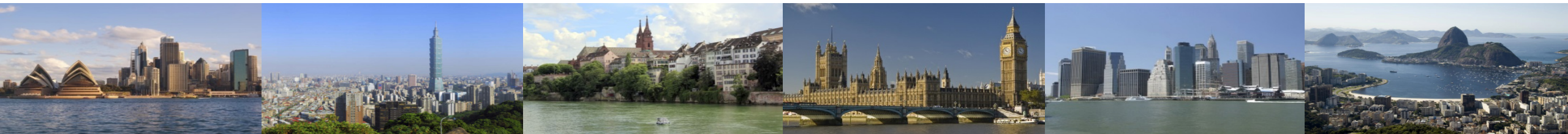
# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

## IAIS Town Hall

Sustainable Insurance: Emerging Risks, Trends and Opportunities

3 December 2020



# Agenda

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## Sustainable Insurance: Emerging Risks, Trends and Opportunities

- ExCo Chair open remarks
- Secretary General remarks - Key themes for 2021
- Update from Chairs of the IAC, MPC and PDC
- Update from ExCo Chair and Vice Chairs
- Q&A session
- Distinguished Fellows

# 2020: year in review

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Responding to Covid-19 and maintaining momentum on implementation of agreed reforms

- Covid-19 highlights the importance of implementing agreed reforms
- Insurance sector acted as a shock absorber, rather than an amplifier of vulnerabilities
- Continued good progress on key emerging and accelerating themes

# Key themes for 2021

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## Supporting a resilient insurance sector

- Risk assessment
- Finalisation and implementation of key reforms (Holistic Framework, ICS)
- Peer exchange and supervisory guidance on emerging/ accelerating trends
  - Technological innovation and cyber risk
  - Climate risk
  - Financial inclusion and sustainable development
- Implementation support and assessment

# Implementation and Assessment Committee

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## Assessment and Implementation Monitoring

### **Member Assessment Process (MAP):**

- MAP Morocco was finalised. Final report approved for publication
- MAP Mexico is ongoing

### **Peer Review Process (PRP):**

- PRP on ICPs 4, 5, 7 and 8 was finalised. Aggregate Report approved for publication.
- PRP on ICP 19 is ongoing and will be finalised in 2021

# Implementation and Assessment Committee

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## Assessment and Implementation Monitoring and Supervisory Cooperation

### **Holistic Framework Implementation Assessment (HF-IA)**

- Baseline assessments were carried out in 2020 for 25 jurisdictions
- Targeted jurisdictional assessments are scheduled for 2021/22 for 10 jurisdictions
- Steps to further implement the Holistic Framework supervisory material are in process in the majority of jurisdictions

### **IAIS MMoU**

- 75 Signatories - two joined in 2020
- Signatories now cover 76% of global insurance market
- Continued interest from IAIS Members - including those from EMDEs

# Macroprudential Committee

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## Covid-19 targeted assessment

- The Global Monitoring Exercise (GME) is IAIS' framework to assess global insurance market trends and developments and detect the possible build-up of systemic risk in the global insurance sector
- 2020 GME was repurposed to assess impact of Covid-19 on the sector
- **High-level results:**
  - Main impact on asset side, impacting profitability and solvency
  - Insurers remained operationally and financially resilient
- More detailed results published in December: **2020 GIMAR, Covid-19 edition**
- **Looking ahead:**
  - High degree of uncertainty about duration and impact of Covid-19
  - Potential vulnerabilities: credit quality fixed income portfolios and deepened low interest environment

# Macroprudential Committee

## Operationalising the holistic framework

The IAIS made considerable progress in developing further material to support the implementation of the Holistic Framework

### Liquidity Risk Management

Application Paper on Liquidity Risk Management, including:

- Liquidity risk stress testing
- Contingency funding planning
- Liquidity risk management report

➤ [Access Paper on IAIS website](#)

### Liquidity Metrics

- The IAIS is developing liquidity metrics as an ancillary indicator in the GME Individual Insurer Monitoring.
- On 9 November, we published a consultation on one such metric, using an exposure approach.

➤ [Access consultation on IAIS website](#)

### Macroprudential Supervision

Application Paper to support implementation of ICP 24 (currently in development):

- Macroprudential data collection and analysis
- Assessing systemic importance
- Supervisory response
- Transparency

➤ Public consultation: March 2021



# Policy Development Committee

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## Development of the ICS and implementation ComFrame

### **ICS Version 2.0 for the Monitoring Period**

- Level 1 Document published in November 2019, Level 2 Document published in March 2020, Level 3 Documents published in June 2020
- ICS Data Collection and AM Data Collection (launched in April 2020)
- Documents for supervisory college discussions of the ICS will be circulated to group-wide supervisors later in 2020
- Collection of investment information (infrastructure and strategic equity) (two stocktake questionnaires launched in September 2020)

### **Implementation of ComFrame**

- Monitoring of the identification of IAIGs by group-wide supervisors
- Publication of the register of IAIGs publicly disclosed by the group-wide supervisors (July 2020)
- Initial discussion on the timing of the assessment of ComFrame implementation (October 2020)

# Policy Development Committee

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Developing supporting material and changes in the Subcommittees structure

## **Supporting material**

- Issues Paper on the Use of Big Data Analytics in Insurance
  - Published in March 2020
- Application Paper on Resolution Powers and Planning
  - Draft under public consultation until 5 February 2021
- Issues Paper on Insurer Culture
  - Work in progress, scheduled for public consultation in 2021

## **Establishment of new Subcommittees**

- Infrastructure Task Force
- Operational Resilience Task Force

# Draft definition of comparable outcomes and high-level principles

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- Draft definition of comparable outcomes agreed and published in November 2019, along with an overarching approach (ie areas of focus) to guide the development of high-level principles and criteria
- Recent work has focused on transforming the areas of focus into high-level principles to inform that will be used to assess whether the AM provides comparable outcomes to the ICS
- Due to the Covid-19 pandemic, the consultation was rescheduled in order to provide operational relief to member supervisors, insurers and other stakeholders
- Future work: more detailed criteria will be developed for each high-level principle and in such a manner that the AM is neither precluded at the outset as an outcome equivalent approach to the ICS for measuring group capital, nor given a free pass.