



IAIS Approach to International Cooperation and Standard Implementation

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Outline

- IAIS Mission and objectives
- Insurance Core Principles (ICP) and proportionality
- Changing context for the IAIS' standard implementation activities
- Current IAIS Implementation approach
- Coordinated Implementation Framework



IAIS Mission and Objectives

The mission of the IAIS is to:

- *promote effective and globally consistent regulation and 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*
- *contribute to global financial stability.*





IAIS Mission and Objectives

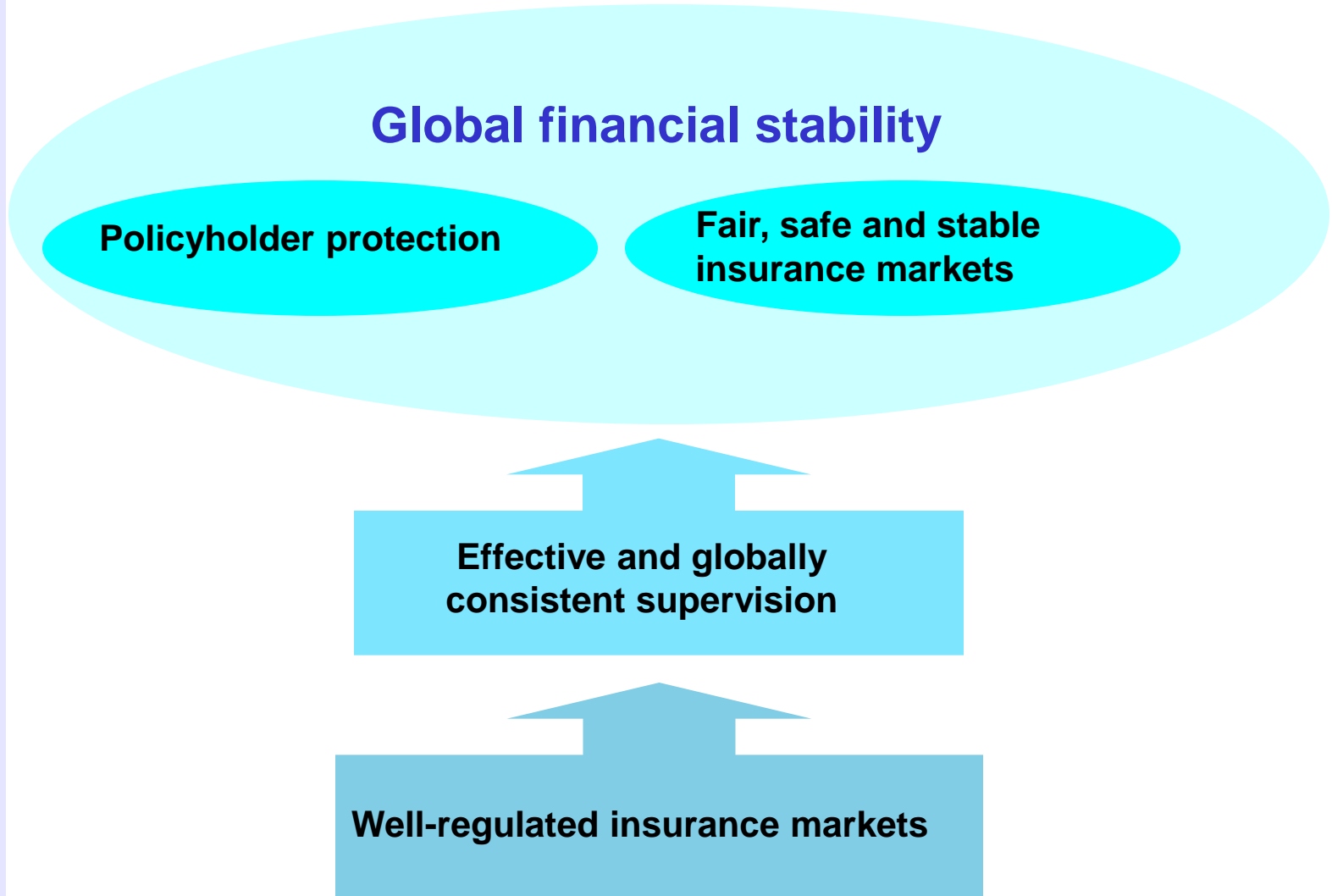
In furtherance of its objectives, the IAIS will, in particular:

a) develop principles, standards and guidance for the supervision of insurance markets, which Members should strive to apply **taking into account the specific circumstances of their markets;**

b) encourage the **implementation and practical application** of its principles and standards;



Key objectives of the IAIS





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ICPs: Elements & Hierarchy

Insurance Core Principle

- The “Principle Statement”: the **essential elements** that must be present in the supervisory regime
- Should be **adhered to by all insurance supervisors**
- Basis from which standards are developed

Standard

- **High-level requirements** that are fundamental to the implementation of the ICP
- Written as **obligations on the supervisor**
- Linked to specific ICP

Guidance

- **Supports the core principle and standards** and provides additional interpretation or detailed guidance on how to comply with or implement the standard
- **Does not set out new requirements**
- Often **provides examples** of possible ways of implementing the requirements in the standard/principle statement



Proportionality Principle

- The “proportionality principle” is embodied in the ICPs and standards where relevant
- Supervisory actions and requirements tailored to the **nature, scale and complexity** of individual insurers and of the insurers’ business/risks (and potential risks)
- Proportionality applies both “up the scale” (e.g. G-SII’s) and “down the scale” (e.g. microinsurance)



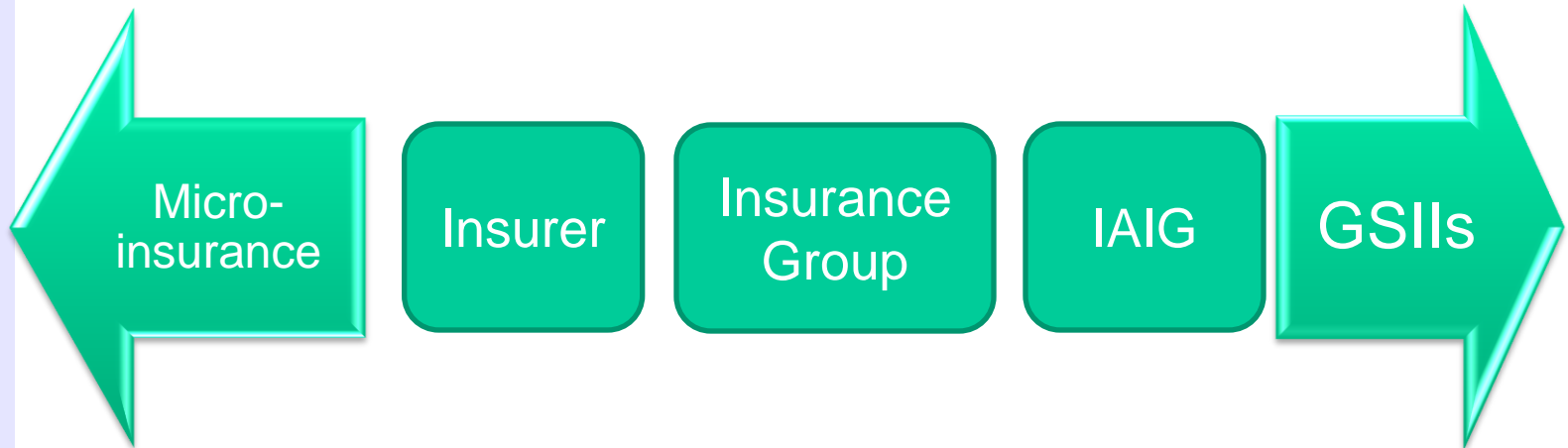
Architecture of IAIS international supervisory requirements

Type of entity	Legal Entity	Group	Internationally Active Insurance Group (IAIG)	Global Systemically Important Insurer (G-SII)
Supervisory requirements and actions				
First tier ICPs	ICPs that apply only to legal entities	ICPs that apply to legal entities and groups		
Second tier ComFrame			ComFrame	
Third tier G-SII package				G-SII package



Proportionality – a continuum

Proportionality of insurance business
Proportionality of risks
Proportional supervisory review and measures



Standard setting activities of the IAIS



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Changing context for standard implementation

- After an intense period of standard setting activities, standard setting bodies are increasingly focusing on implementation
- IAIS has repeatedly and clearly made a commitment to supporting implementation
- The IAIS has a head start on its peers through the work of the Implementation Committee and its working parties
- There is recognition that the IAIS's current approach to implementation is strong and delivers value to members
- Further coordination with partners and regions as well as focus on where the IAIS can add value in the implementation space will strengthen the effectiveness of our implementation activities and value to members



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Strategic Action Plans for Standards Implementation

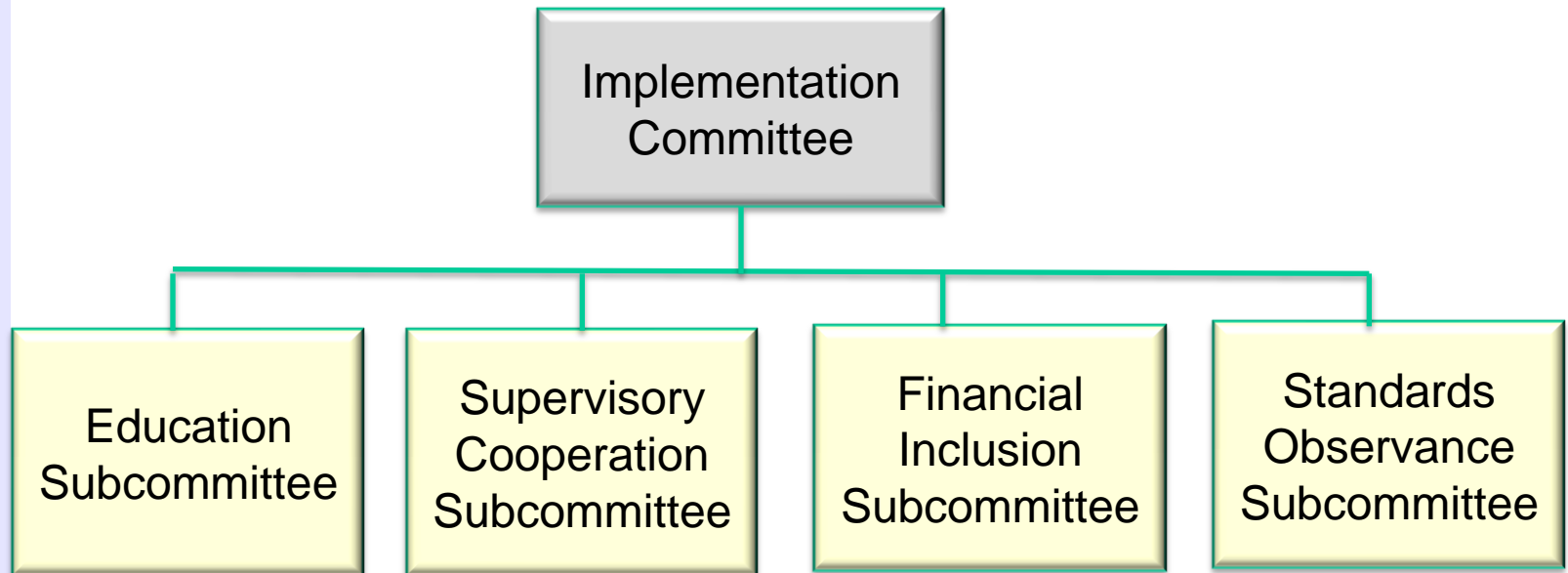
The current strategic action plans for standard implementation:

1. Enhance supervisors' knowledge and understanding of IAIS supervisory principles, standards and guidance
2. Strengthen cooperation and exchange of information among supervisors
3. Address the application of insurance supervisory standards in specific circumstances
4. Enhance observance and assessment of IAIS ICPs and standards



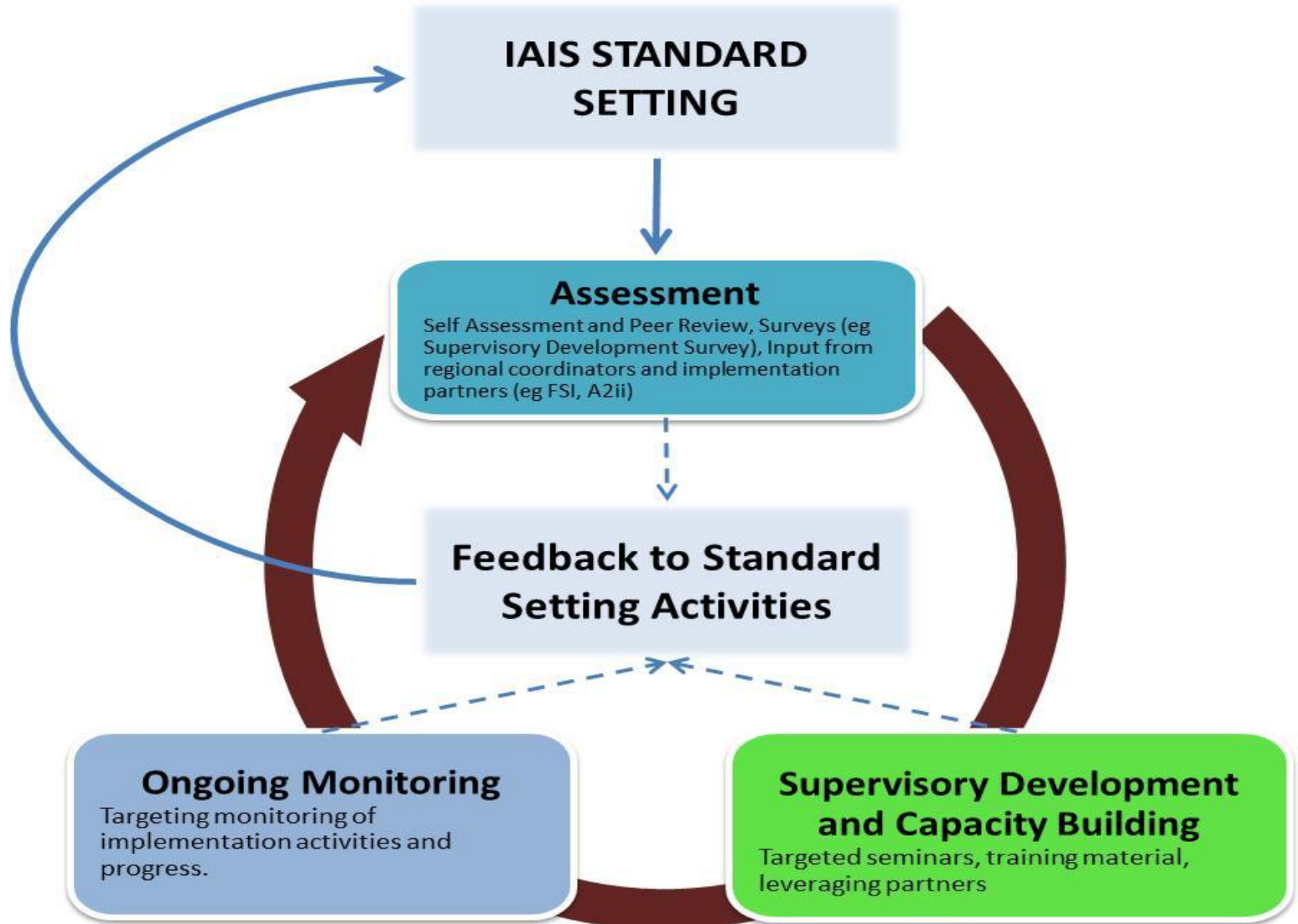
Current Implementation Structure

- In support of the high level goal, the **Implementation Committee** provides strategic guidance and oversight of four working parties
- Implementation Committee Working Party Chairs meet between meetings of the Implementation Committee





Current approach to Implementation





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Coordinated Implementation Framework - Background

- The development of the CIF began in early 2013
- The IC started to look at strengths, weaknesses and gaps in the current approach of the IAIS to implementation
- The IC requested that the Secretariat hold targeted consultations with regional coordinators and implementation partners
- The IC worked through a set of key strategic questions regarding the approach of the IAIS to implementation and how the IC and its Working Parties deliver on the IAIS' strategic action plans
- This work culminated in the **Coordinated Implementation Framework**, which was approved at the IAIS October meetings



Coordinated Implementation Framework – Key Elements

- The CIF is a strategic overlay on IAIS' current implementation activities.
- The CIF aims to:
 - Develop a robust and structured programme for regional engagement
 - Enhance relationships with key implementation partners, focused on strengthening the effectiveness of implementation support to members
 - Target IAIS resources on areas and activities in line with the unique perspective and voice the IAIS brings to implementation and leverage off the credibility that comes from being the international forum for insurance supervisors
 - Strengthen alignment of IAIS implementation activities and coordinate implementation perspectives into all standard setting activities of the IAIS



Coordinated Implementation Framework – Next Steps

- The CIF will contribute to the strategic planning activities of the IAIS, helping to focus the contributions of IC to strategic planning activities and the annual Roadmap
- The IC Working Party Chairs will meet in January 2014 to develop an action plan for the key initiatives and to allocate responsibilities under the CIF
- The IC will continuously monitor its implementation activities to ensure that resources are effectively utilised
- The IC may identify priority resource needs to support the ambitious programme set by the CIF



Regional Implementation Plans

- Before you can determine where you are going, you need to assess where you are!
- The new ICPs provide the benchmark for assessment on which development plans can be built
- Effective supervision supports policyholder confidence
- Policyholder confidence is critical to market development
- Strong insurance markets can have a very significant economic impacts and benefits for the most vulnerable



Regional Implementation Plans

“...developing capacity building initiatives to assist member regulators in aligning their regulations with international best practices and promoting the adoption of multilateral arrangements, such as the IAIS Multilateral Memorandum of Understanding, to facilitate cooperation and information exchange in the securities and insurance sectors through targeted and well-coordinated technical assistance has been widely recognized as an important step for increasing insurance penetration in the region.”

Joint Ministerial Statement of the 17th ASEAN Finance Ministers' Meeting (AFMM) Bandar Seri Begawan, 4 April 2013.



Regional Implementation Plans

(Guided) Self-Assessment Process



**Proposals for Improving Capacity and
Legislative change**



Capacity Building Plan



Technical Assistance



Ongoing monitoring + Supervisory cooperation



Implementation Partners

- The IAIS will coordinate with and leverage the activities of relevant partner organisations to further improve the design and delivery of programs to enhance implementation of IAIS ICPs and to improve supervisory practices
- When implementing or assessing the ICPs, domestic context, industry, structure, **stage of development** of financial system and overall macroeconomic conditions need to be **taken into account**
- Targeted regional programs, developed in partnership with regional development banks / key implementation partners, support effective standards observance and implementation



Follow the developments on the IAIS website!

Thank you!



www.iaisweb.org

