



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

IAIS development and Global Insurance Capital Standards (ICS)

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IAIS



Overall Contents – IAIS development and ICS

- IAIS development
 - Achievement over the past year
 - Challenges in the coming year
- ICS
 - Why do we need them?
 - What are they?
 - When will they take place?

IAIS Development: Achievement (1/2)

- SPFO 2015-2019
- BCR+HLA
- ICS development
- ICPs

IAIS Development: Achievement (2/2)

- Coordinated Implementation Framework
- G-SII Assessment Methodology Enhancement
- External Interaction Initiative(e.g. FSB)
- Reinforcement of Organisational Foundation

IAIS Development: Challenges

- Standard Setting
- Standard Implementation
- Global Financial Stability
- Organisational Foundation

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 - **Why do we need them?**
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ICS: WHY?

Why?

- Globalised insurance markets need a global solution

ICS: WHAT?

ICS: Overview

- Prescribed capital requirement (Solvency Capital Requirement)
- Minimum standards for setting levels of capital for IAIGs (internationally active insurance groups)
- Consolidated group-wide standard
- A part of ComFrame, a comprehensive framework addressing qualitative and quantitative requirements

ICS: Ultimate goal

- Single ICS
- Achieving substantially the same outcomes across jurisdictions.
- Improved convergence over time on the key elements (valuation, capital resources and capital requirements...)

ICS: Principle

The amount of capital required to be held and the definition of capital resources are based on the characteristics of risks held by the IAIG irrespective of the location of its headquarters.

ICS: Valuation

- The market-adjusted valuation approach will be used as the initial basis.
- The GAAP valuation approach data will be collected.
- Reconciliation between the market-adjusted valuation approach and GAAP valuation approach will be requested.
- This will be used to explore and, if possible, develop a GAAP with adjustments valuation approach.

ICS: WHEN?

Development and testing timeframe of ICS, BCR & HLA

Date	Activity
Summer 2016	<ul style="list-style-type: none">• ICS public consultation and field testing
June 2017	<ul style="list-style-type: none">• Completion of ICS version 1.0 & start of supervisory reporting
End 2019	<ul style="list-style-type: none">• Adoption of ICS (version 2.0)
From 2020	<ul style="list-style-type: none">• Implementation of ICS (version 2.0) begins

FINAL REMARKS

Final Remarks

- ICS will make it happen
- ICS is a new global standard
- ICS is evolving