



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

# Macroprudential Surveillance and Insurance Supervision

**Yoshihiro Kawai,  
Secretary General, IAIS**

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# Outline

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1. Relevance
2. Background material
3. On-going IAIS contributions
4. New IAIS portal on Macroprudential Surveillance
5. Next steps

# 1. Relevance

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## **ICP 24**

- “The supervisor identifies, monitors and analyses market and financial developments and other environmental factors that may impact insurers and insurance markets [...]”

*Among the concrete steps undertaken by the supervisor are:*

## **Standard 24.4**

- “The supervisor uses market-wide data to analyse and monitor the actual or potential impact on the financial stability of insurance markets in general and of insurers in particular and takes appropriate action. [...]”

## 2. Background material

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### 1. “**Macroprudential Policy and Surveillance in Insurance**”

- IAIS report, published in July 2013;
- Available on IAIS website under:  
<http://www.iaisweb.org/Supervisory-Material/Financial-Stability-Macroprudential-Policy-Surveillance-988>;
- The IAIS report helps to identify key indicators of macro-financial vulnerabilities

### 2. Key Insurance Risks and Trends (KIRT) report

### 3. Global Insurance Market Report (GIMAR)

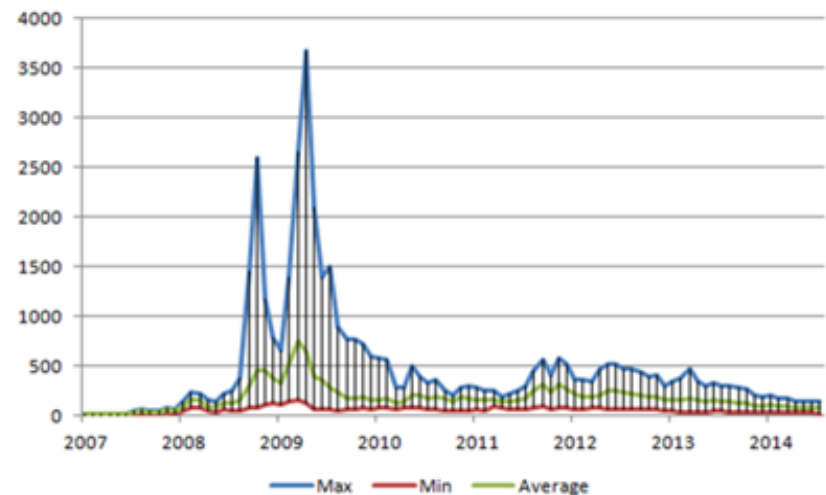
### 3. On-going IAIS contributions (1/2)

## GIMAR 2014 – Example

Current assessment:

- Narrow CDS spreads of global insurance companies
- Financial markets currently associate a low likelihood of default to insurers

9. CDS spreads of global insurance companies, Jan 2007 – Jul 2014 (in basis points)



Source: Bloomberg

### 3. On-going IAIS contributions (2/2)

## Key Insurance Risks and Trends (KIRT) survey

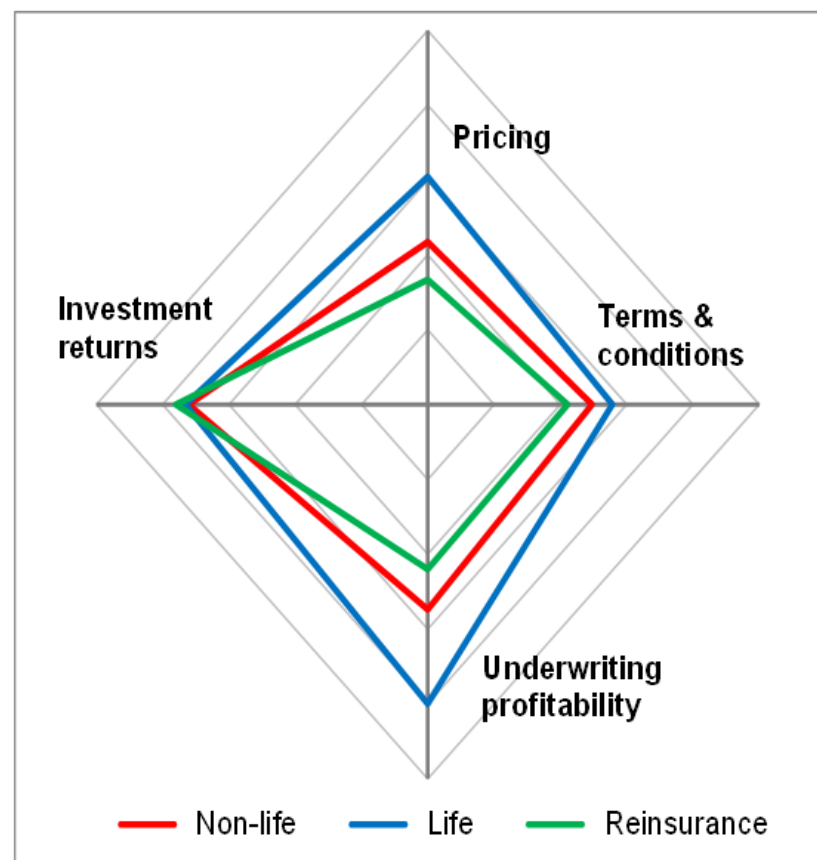
### KIRT:

- For IAIS members only
- Aggregated information
- Key insurance risks

Example (graph right side) - worldwide comparison of the three sectors:

- Non-life
- Life
- Reinsurance

Insurance risks – three sectors



## 4. New IAIS portal (web-based platform!)

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### **Macroprudential surveillance (MPS): indicators and tools!**

**Aim:** assist IAIS members in meeting the requirements of ICP 24

- Offers interactive elements to support members
- Generates forecasts to identify potential stress scenarios,
- Applies a modular approach

**Online** for all IAIS members by mid-December 2014 as part of the IAIS website

# 4. The new macroprudential IAIS platform (1/3)

## Access to the Macroprudential Surveillance (MPS) tool

- IAIS members only (via IAIS website)
- Screenshot of entry point to MPS tool:

» [Return to IAIS Members and Observers Extranet](#)



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## MPS Tools

### Introduction

Welcome to the IAIS macroprudential surveillance portal!

[Link to Macroprudential Surveillance Modules](#)

The portal offers a range of macroprudential indicators and tools which can be used by IAIS members from around the world.

#### You will find

Ready to use macroprudential indicators and tools specifically selected for insurance supervisors; This with the aim to assist IAIS members in meeting the requirements of ICP 24. Therefore, the macroprudential surveillance portal:

- Offers interactive elements to support individual jurisdictions,
- Generates forecasts that may help to identify potential stress scenarios,



# 4. The new macroprudential IAIS platform (2/3)

## Overview / content

### 1. Modular design (four modules), Members only, on IAIS website

- Module 1: “MPS basics”
- Module 2: “MPS advanced”
- Module 3: “MPS regional examples”
- Module 4: “MPS library”

### 2. Example – the entry point for “Module 1”:

[» Return to IAIS Members and Observers Extranet](#)



#### Module 1 Macroprudential Indicators: The Basics

[Back to Overview](#)

Please select from the list below

1. Insurance Penetration
2. Insurance Density
3. Relative Capital
4. Capital to Premium
5. Reinsurance Retention Rate
6. Combined Ratio
7. Insurer Concentration
8. Equity Concentration
9. Debt Concentration

# 4. The new macroprudential IAIS platform (3/3)

[Return to IAIS Members and Observers Extranet](#)

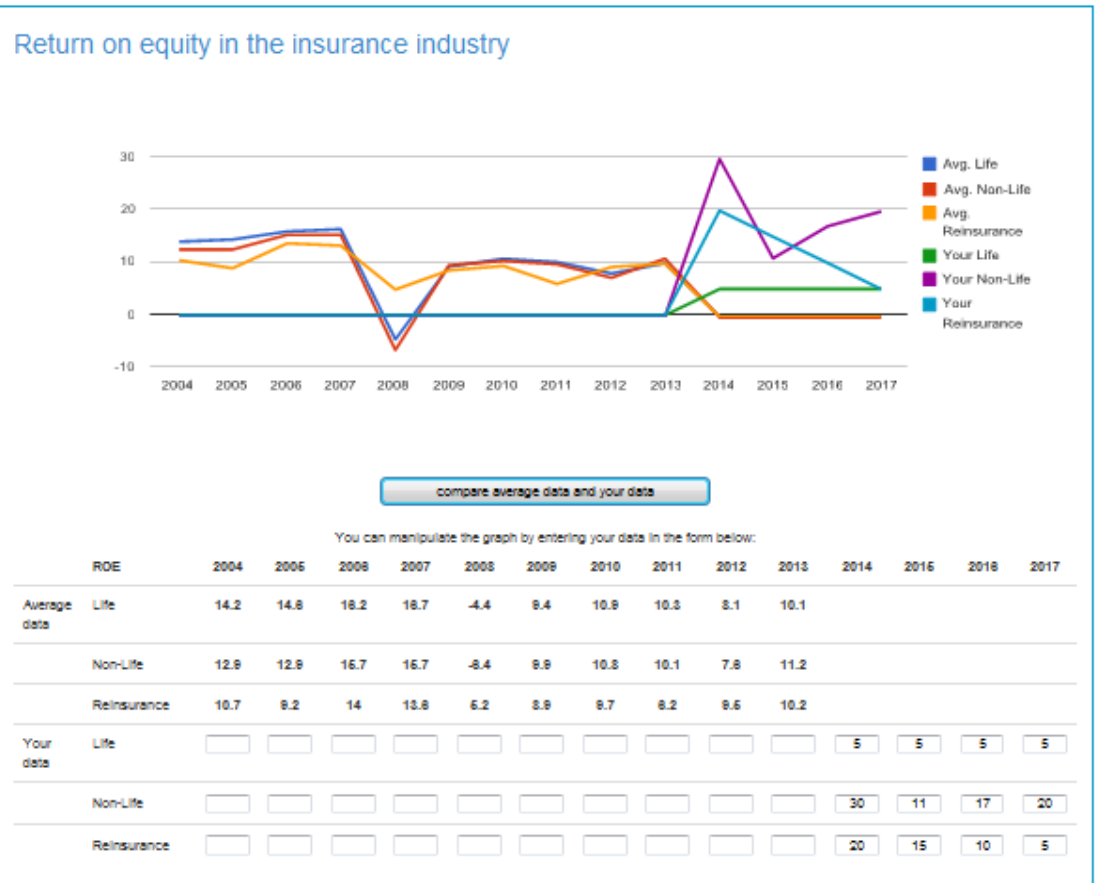


## Interactive Example:

### MPS Tools - Module 2 - MPS advanced

Lorem ipsum dolor sit amet.

- Interactive tool
- Given aggregated data (past)
- Individual data entries
- Comparisons
- Forward looking (aggregate)



## 5. Next steps

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### **Available:**

Macroprudential surveillance tools by mid-December 2014

### **Welcome:**

Specific requests for improvements from different regions

### **Foreseen:**

Regional IAIS coordinators to help to advance regional perspectives

### **IAIS:**

MPS tools, and GIMAR 2014 by mid-December 2014  
under <http://www.iaisweb.org/>

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Thank you!