

Update on ICS Global Insurance Capital Standard

EIOPA Insurance & Reinsurance Stakeholder Group meeting
Frankfurt, 15 February 2017

- 18th July 2013

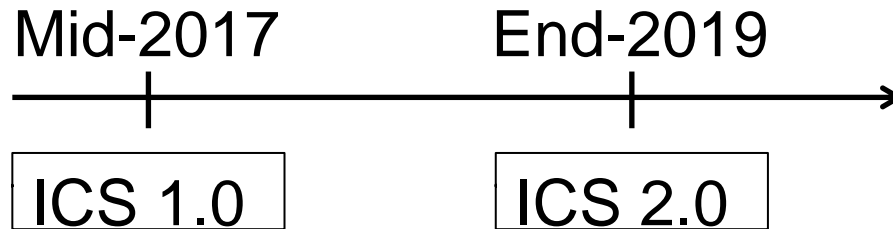
The Financial Stability Board (FSB) requested the IAIS to produce a work plan to create “*a comprehensive group-wide supervisory and regulatory framework for Internationally Active Insurance Groups.*”

- 9th October 2013

The IAIS announced its plan to develop a risk-based global ICS by 2016.

Background (2/2)

- In 2015 IAIS revised its goals for the ICS Project



ULTIMATE GOAL:

The ultimate goal of a single ICS will include a common methodology by which one ICS achieves comparable, i.e. substantially the same, outcomes across jurisdictions. Ongoing work is intended to lead to improved convergence over time on the key elements of the ICS towards the ultimate goal. Not prejudging the substance, the key elements include valuation, capital resources and capital requirements.

What happened so far?



- 3 rounds of Annual Field Testing exercises
- Close engagement with Volunteer IAIGs (including specific technical workshops)
- 2 ICS Public Consultations
- Multiple stakeholder engagement opportunities (via phone or physical meetings)

EIOPA is actively participating in the work on the ICS, with the aim to bring the European views to the table

Where are we now?



- In its recent meetings, IAIS confirmed the timeline and clarified the role of ICS 1.0:
 - No supervisory consequences (e.g. if an IAIG is in breach)
 - No Confidential Reporting, but Extended Field Testing (meaning that there is an intention to broaden the scope of participation)
- ICS 2.0 will be a version fit for implementation by IAIS Members and trigger supervisory consequences

Main issues under discussion in the next months



- Valuation approaches – further development of the two options (MAV and GAAP+), promoting convergence
- Capital Resources – Refine the framework
- MOCE – Define placeholder and aim to converge towards single methodology
- Further develop the Standard Method for the ICS Capital Requirements, reducing options to the extent possible
- Discuss a plan to consider Internal Models, in the path to ICS 2.0