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IAIS Insurance Core Principles (ICPs) EIOPA Update

EIOPA Insurance & Reinsurance Stakeholder Group meeting
Frankfurt, 05 September 2017

- Why is the topic on the agenda?
 - IAIS is updating the ICPs, integrating content previously included in ComFrame.
- What is expected from IRSG?
 - Be informed of this process.
 - Potential discussion on relevant individual ICPs.
- Next steps
 - IAIS will continue consulting on all revised ICPs, which will be adopted by 2019 (excluding valuation and capital adequacy ICPs).

- The IAIS Insurance Core Principles (ICPs), adopted in 2011, provide a globally accepted framework for insurance supervision.
- The ICPs prescribe essential elements of a supervisory regime, in order to promote a financially sound insurance sector and provide an adequate level of policyholder protection.
- There are 26 ICPs, which the IAIS is now seeking to update in a phased approach.
- The IAIS also intend to include in the revised ICPs the content of ComFrame, a common framework for the supervision of internationally active insurance groups (IAIGs).

- In May IAIS consulted on the first package of revised ICPs (deadline 1 June):
 - ICPs introduction, ICPs on governance (5,7 and 8), ICPs on supervisory measures (9 and 10), ICPs on supervisory coordination (3 and 25) and resolution (12).
- Before the summer the IAIS launched a new consultation :
 - ICP on reinsurance (13 – deadline 31 July) .
 - ICPs on objectives, powers and responsibilities of the supervisor (1 and 2) and conduct of business (18 and 19 – deadline 28 August).
 - ICP on macroprudential surveillance (24 – deadline 1 October).

- EIOPA replies to selected ICPs according to its strategy.
- Several ICPs issued for public consultation reflect EIOPA views, thanks to involvement in the IAIS working groups.
- ICP 13 (reinsurance):
 - The version issued for consultation highlights the importance of geographical diversification.
 - Collateral as a measure to mitigate credit risk has a less prominent role.
 - The recommendation of close collaboration among those supervisors of ceding insurers and those of SPVs is included.
- ICP 1 (Objectives, Powers and Responsibilities of the Supervisor):
 - Financial stability appears as a goal of supervision.

EIOPA input in the IAIS public consultation (1)



- EIOPA has so far opted to submit comments on three ICPs and the introduction:
- Introduction to ICPs:
 - EIOPA asked to clarify that the supervisor must be able to ensure effective group-wide supervision, including that all relevant group-wide risks impacting the insurance entities are addressed appropriately.
- ICP 3 (Information Sharing and Confidentiality Requirements)
 - EIOPA asked for the inclusion in the standard of three requirements for information sharing (legitimate interest, valid supervisory purpose and appropriate degree of confidentiality).

EIOPA input in the IAIS public consultation (2)



- ICP 10 (Preventive Measures, Corrective Measures and Sanctions)
 - EIOPA added that recovery plans could be requested beyond IAIGs, however, allowing for flexibility based on proportionality.
- ICP 12 (Exit from the Market and Resolution)
 - EIOPA stated that policyholders should absorb losses as a last resort only.
 - EIOPA is of the view that authorities should have flexibility, based on expert judgement and proportionality principle, to have resolution plans in place with regard to a broader scope of companies, i.e. beyond the Internationally Active Insurance Group (IAIG).



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Thank you

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