

IIF Insurance Update

August 2019

A monthly publication presenting highlights relevant to insurance, including recent IIF regulatory initiatives and other IIF publications



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IIF REGULATORY ADVOCACY

IIF Submits Response to the IAIS Consultation on Supervisory Materials Related to the Holistic Framework

On August 15, the IIF submitted a [letter](#) in response to the IAIS consultation on supervisory materials related to the Holistic Framework for Systemic Risk in the Insurance Sector. The letter encouraged the IAIS to continue its movement towards an activities-based approach to systemic risk (ABA) based on more absolute measures of risk and clear linkages among activities and the potential for the propagation of material levels of systemic risk to the global financial system or real economy through the transmission channels of asset liquidation and counterparty exposure. In addition, the letter raises important issues regarding the role of supervisors, the scope of supervisory powers and the data collection exercises.

After the consultation period, the IAIS will review and address comments. The Holistic Framework, revised ICPs and ComFrame are expected to be adopted in November 2019.

IIF Developing Second Cyber Risk Insurance Paper

The IIF is currently developing a second paper on cyber risk insurance, building upon the previous IIF staff paper published in December 2017. The second paper will explore cyber risk insurance market developments, advances in cyber risk insurance underwriting, pricing, risk management, risk modelling, and claims management, and the regulatory and supervisory considerations, including a possible role for the public sector in supporting the availability of cyber risk cover. The paper will discuss the dual emphasis on prevention and protection among cyber risk insurers and highlight new cyber risk prevention services offered by insurers and insurtech firms. We plan to present this paper at the Cyber Risk Roundtable to be held during the IIF's Annual Membership Meeting on October 17, 2019.

We welcome the participation of IIF members in this work. If your company would like to contribute to this paper, please contact Hillary Veals (hveals@iif.com).

IIF INSURANCE EVENTS

NAIC Summer National Meeting in New York

The NAIC Summer Meetings took place from August 3 to 6 in New York. During the International Insurance Relations (G) Committee meeting, IAIS Secretary General Jonathan Dixon provided an update on the current IAIS work on the Holistic Framework for Systemic Risk in the Insurance Sector, the ICS Version 2.0 for the Monitoring Period, as well as the IAIS Strategic Plan for 2020-2024. Mr. Dixon reiterated messages delivered during the IAIS Global Seminar and indicated that there will be more stability of standards going forward. The focus of the IAIS will shift to good supervisory practices and the implementation of standards.

Panelists discussed the IAIS priorities from the industry perspective. Key messages included the need for proportional application of supervisory standards, the need to consider existing sources of data before initiating data calls under the Holistic Framework, and the importance of on-going development of the ICS and the consideration of alternative approaches during the Monitoring Period.

The 2019 ICS field testing technical specifications have been publicly released and a Stakeholder Session will be held on September 4.

OTHER NEWS

IIF Sustainable Finance Working Group Meeting

The IIF Sustainable Finance Working Group will hold a meeting in New York on Friday, September 27. Held during UNGA/Climate Week NYC 2019 and under the guidance of our Chair Daniel Klier of HSBC, this meeting will provide us with the opportunity to assess progress on our current deliverables, hear updates from SFWG subgroups (including our new Climate/ESG economics workstream) and chart course on our 2019/20 goals. Please RSVP by contacting Raymond Aycock (raycock@iif.com) to confirm your attendance.

IIF Regulatory Affairs Department: INSURANCE

In insurance, the IIF promotes an efficient and effective regulatory and supervisory framework for insurers and reinsurers, highlighting differentiating characteristics of the sector: to enhance the understanding of macro-economic implications of current global regulatory reforms, to promote sound practices in risk management, and to emphasize the social and economic value of the sector. Currently key issues on the IIF insurance agenda are (1) the global Insurance Capital Standard (ICS), (2) systemic risk analysis, (3) the Holistic Framework for Systemic Risk in the Insurance Sector, and (4) emerging issues. The IIF regularly submits comments to the IAIS consultations on these key issues, as well as presents orally its views at IAIS stakeholder meeting

The Insurance Regulatory Committee (IRC) is chaired by Tom Wilson, CRO of Allianz SE, with co-vice chairs Marlene Debel of MetLife and Patrick Raaflaub of Swiss Re. The IRC is composed exclusively of senior executives (Chairman/CEO/CRO/CFO) from IIF insurance member firms. The Committee provides leadership and strategic guidance to the insurance-advocacy activities of the IIF and oversees the Insurance Working Group (IWG), including setting the strategic direction on topical issues for the IWG to address, approving its work program and major reports, and playing a key role in promoting the IIF role in insurance.

The work of the Insurance Regulatory Committee ties in with other IIF activities such as the Council for Asset and Investment Management (CAIM), Digital Finance & Regulation Working Group, the Cybersecurity Working Group, and the Infrastructure Working Group, as well as work in the areas of financial innovation and financial inclusion. The Committee engages with key global policy makers such as the G20, FSB, IAIS and IMF to increase the awareness of the specifics of the insurance business model and to influence and inform the regulatory debate. In addition, the Committee guides the interaction and collaboration with other relevant industry bodies.

Please contact Hillary Veals (hveals@iif.com) for the most up-to-date lists of IRC and IWG members.