IAIS Q&A

NAIC Fall Meeting 2025

Jonathan Dixon, IAIS Secretary General

10 December 2025

Roadmap 2026-2027

There is a significant degree of continuity in the work plan (Roadmap) of the IAIS for 2026-2027. Key projects and activities include:

- **Core objective 1** (monitor and respond to key trends in the insurance sector):
  - Global Monitoring Exercise (GME)
  - Follow-on work on structural shifts in the life insurance sector, in particular private credit and asset-intensive reinsurance (AIR)
- **Core objective 2** (standard-setting):
  - Finalise ICS-related CF standards on supervisory reporting and disclosure
  - Review of enhancements to standards to address structural shifts
- **Core objective 3** (sharing good supervisory practices, capacity building):
  - Supporting guidance on topics such as climate risk, digital innovation, operational resilience, protection gaps, risk-based solvency, recovery & resolution, as well as supervision of alternative investments and AIR
- **Core objective 4** (implementation assessment):
  - Launch baseline self-assessments of implementation of ICS and ComFrame
  - Develop ICS implementation assessment methodology
  - Peer Review Process on ICP 13 (Reinsurance), MAP Costa Rica and public reporting on the outcomes of the 2025 Holistic Framework (HF) TJA.

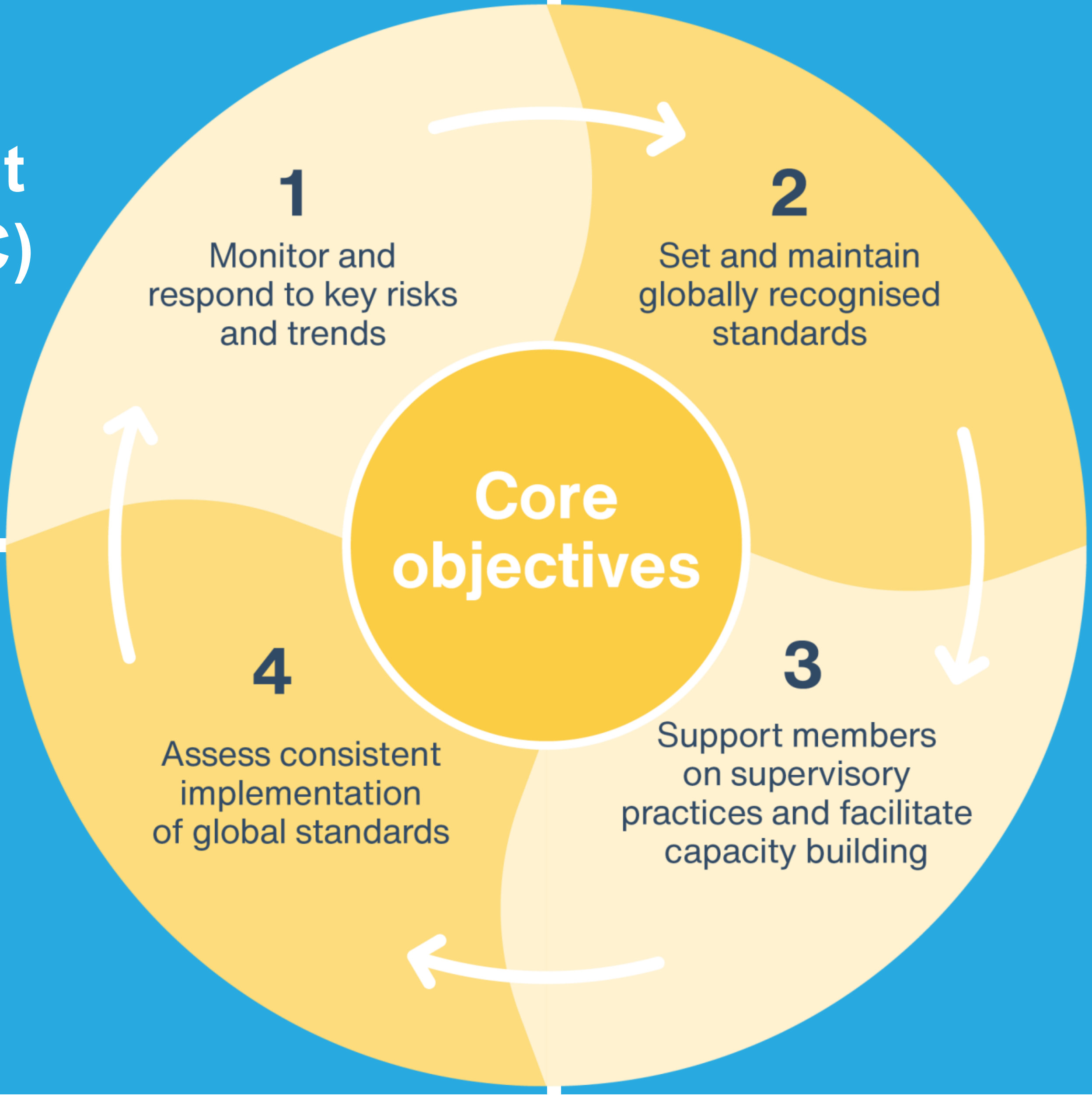
IAIS Committee structure as of 1 January 2026

Committee name	**Monitoring and Risk Assessment Committee (MRC)**	**Standards and Supervisory Practices Committee (SSC)**	**Implementation Assessment Committee (IAC)**
Objective	To oversee the **monitoring of key risks and trends** in the global insurance sector and **propose responses thereto**	To **set** and **maintain** effective, proportionate and globally recognised **supervisory standards** and to **support Members' efforts to implement those standards**, including by sharing good **supervisory practices**, enhancing understanding of supervisory issues and facilitating **capacity building**	To **oversee assessment** of **comprehensive** and **globally consistent implementation** of **the IAIS standards**
Comparison to existing	MPC	PDC / IAC	IAC

Monitoring and Risk Assessment Committee (MRC)

Chair: Dieter Hendrickx,

National Bank of Belgium



Standards and Supervisory Practices Committee (SSC)

Co-Chair: Judi French,
US, Ohio Department of Insurance

Co-Chair: Farzana Badat,
South Africa, Financial Sector Conduct Authority

Implementation Assessment Committee (IAC)

Chair: Vicky White,

UK Prudential Regulation Authority

ICS implementation assessment

ICS implementation assessment will follow a **two-step approach**, mirroring the successful model used for the IAIS' implementation assessment of the Holistic Framework supervisory material.

2025

Development of ICS assessment methodology

- Leveraging the IAIS' general principles and methodologies for assessing its standards
- Taking into account the quantitative nature of the ICS
- Will not be a line-by-line exercise -- the methodology will specify an appropriate level of granularity and articulate the quantitative and qualitative analyses to be used.

2026

Baseline self-assessments begin

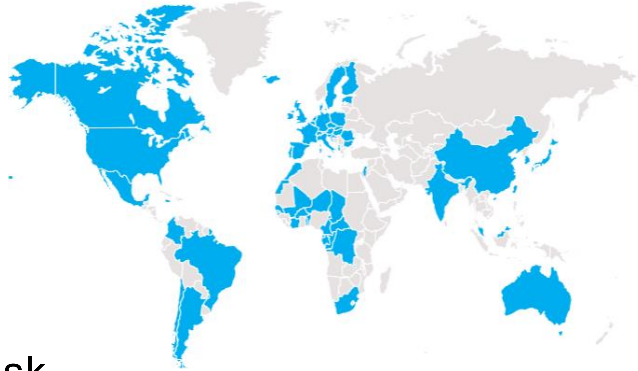
- Baseline self-assessment by IAIS members of their progress in implementing the ICS, which will serve as a baseline for future implementation progress monitoring.

From 2027

In-depth targeted jurisdictional assessments

This timeline recognises that it will take some time for jurisdictions to finalise any necessary regulatory and supervisory changes to align with the ICS, taking into account jurisdictional circumstances, and for the IAIS to prepare for implementation assessment.

Risk assessment through the GME



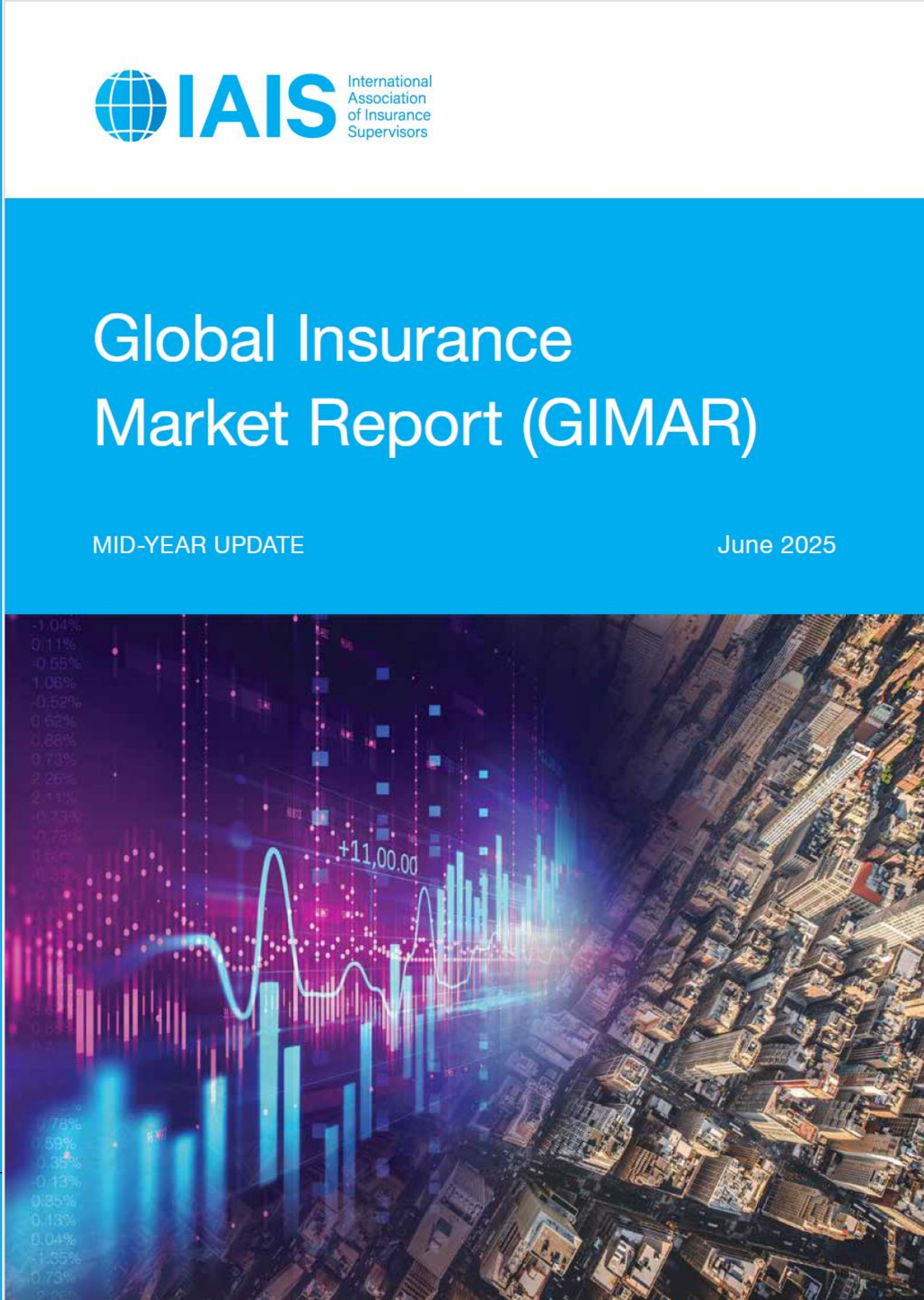
- **Global Monitoring Exercise** (GME) builds on data collected from ~60 of the largest international insurance groups (individual insurer monitoring) as well as ~50 supervisors (sector-wide monitoring) – covering >90% of global gross written premiums
- **Annual report to FSB:** In November 2025, the FSB finalised its three-year review of its experience with the IAIS Holistic Framework, and reconfirmed its 2022 decision that the Holistic Framework provides a more effective basis for assessing and mitigating systemic risk in the insurance sector than G-SII identification → see press release here
- **Annual reports to participating insurers and supervisors**.
- **Annual report to public:** Aggregate findings disclosed in the year-end Global Insurance Market Report (**GIMAR**), with a mid-year preview → scan QR Code on the right
- **2025 GIMAR Special Topic**: Potential financial stability implications of Natural Catastrophe protection gaps → link here

Themes in focus of 2025 GME:

1. **Geoeconomic fragmentation impacting insurers' management of assets and liabilities**
2. **Insurers' increasing investment in private credit**
3. **Insurers' adoption and governance of artificial intelligence (AI).**

Global Insurance Market Report (GIMAR) 2025

↓ Link ↓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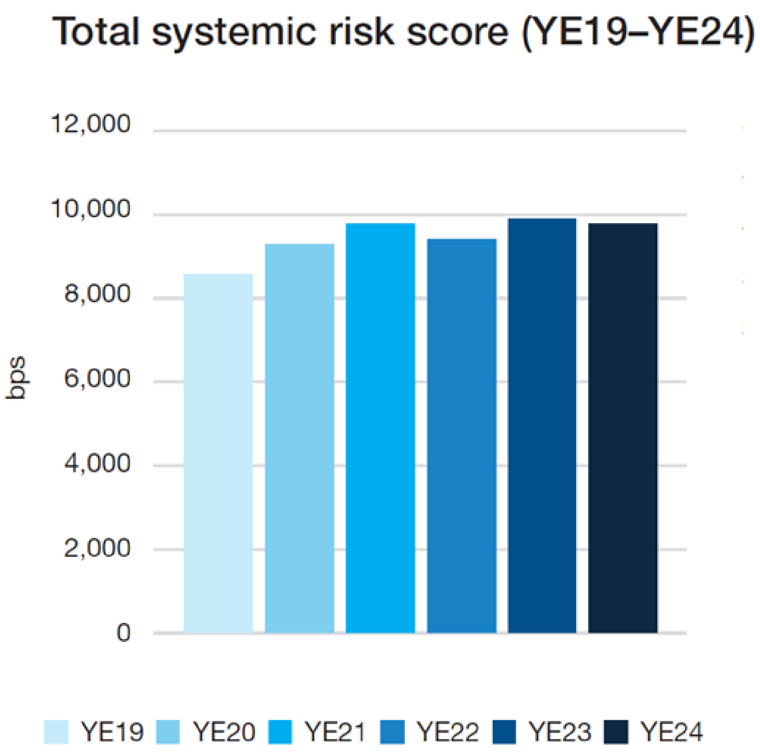
Global Insurance Market Report (GIMAR)

MID-YEAR UPDATE

June 2025

Global Insurance Market Report (GIMAR) – December 2025

- **Solvency** and **profitability** positions remained stable in 2024, underscoring the sector's resilience.
- **Liquidity positions** improved slightly for many insurers.
- **Return on assets** also increased for most insurers.



- **Aggregate systemic risk scores slightly decreased at the end of 2024**, reflecting mixed developments across indicators.
- A decline in the minimum guarantees on variable products indicator was partially offset by an increase in the intra-financial assets indicator. On a cross-sectoral basis, the Insurer Pool systemic risk score remains significantly below the banking pool score, indicating that the insurance sector has a lower systemic risk footprint.
- In 2025, the IAIS conducted the regular triennial review of the IIM assessment methodology, which will be applicable to the 2026–2028 GME.

Theme 1: Geoeconomic fragmentation impacting insurers' management of assets and liabilities

- **Geoeconomic fragmentation** is driven by intensifying geopolitical tensions and the economic division into regional or national blocs. Such fragmentation could **dampen economic growth prospects.**
- Geoeconomic fragmentation is **impacting insurers' management of assets and liabilities**, introducing challenges such as financial market volatility, inflationary pressures, currency mismatches, and supply chain disruptions.
- Key areas of attention for insurers and supervisors include understanding the **transmission channels** (eg from financial market volatility, inflationary pressures and supply chain disruptions) and **risks relating to financial markets and underwriting practices**.
- Supervisory and insurer responses aim to **address these vulnerabilities** through ensuring high-quality investments, enhanced asset-liability management (ALM), diversification of markets and products, stress testing, granular data monitoring and international collaboration.

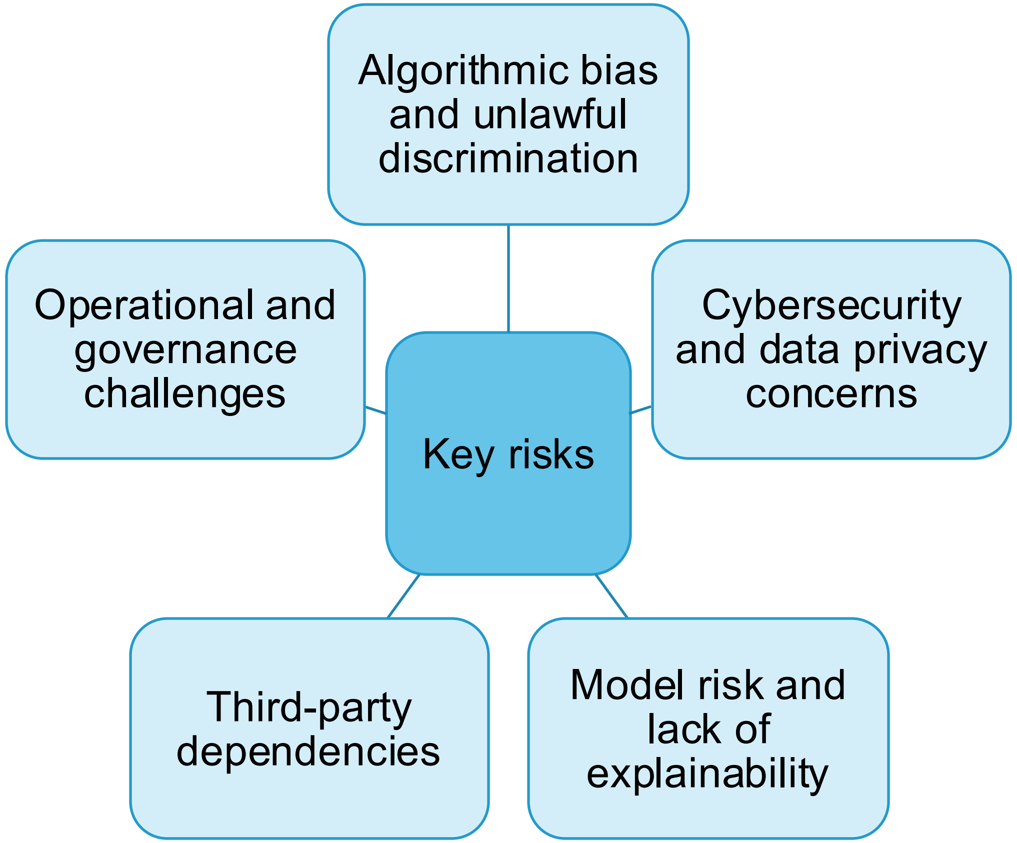
Theme 2: Insurers' increasing investment in private credit

- Two key structural shifts that the life insurance sector is undergoing: (1) the increasing allocation of capital to alternative assets and (2) the expanding use of cross-border asset-intensive reinsurance → Issues Paper (more details later on)
- In the 2025 GIMAR, the IAIS also performed an analysis of insurers' investments in **private credit**, a growing subsector of alternative assets with distinctive characteristics.
- Private credit remains a small portion of insurers' portfolios on global aggregate, with exposures varying across jurisdictions. Exposures are expected to grow in the coming years.
- **Importance of sound governance, transparency and prudent risk management**. Balance the opportunities offered by private credit with the need to retain financial stability:

Potential benefits:	Unique risks: require careful management:
• **Diversification** • **Illiquidity risk premia** • **Improved asset-liability matching** • This asset class can be attractive to life insurers seeking stable, long-term cash flows to match their liabilities.	• **Credit risk** is a primary concern, particularly for smaller or highly leveraged borrowers, with rising interest rates and geopolitical uncertainty amplifying default risks. • **Liquidity risk** arises from the illiquid nature of private credit, which should be managed by insurers' broader liquidity management frameworks. • **Valuation uncertainty** is another challenge, as private credit often lacks observable market prices, relying on model-based valuations that may delay the recognition of losses during market stress. • **Complexity risk** is heightened by bespoke structures and limited transparency, while **hidden leverage** in fund structures and securitisations poses moderate concerns.

Theme 3: Insurers’ adoption and governance of artificial intelligence

- **The deployment of AI is expected to have a material impact on social and economic activities**.
- For insurers, **AI presents opportunities and risks** which need to be effectively managed.
- Insurers are leveraging existing governance and risk frameworks to address emerging AI risks
- As AI adoption expands, supervisors are focusing on key risks, including →
- Additionally, the growing use of AI across various industries could expose insurers to new AI-related liabilities in their underwriting. However, GME responses suggest that most supervisors have found limited or no evidence of insurers integrating AI risks into underwriting decisions as yet.



Issues Paper on structural shifts in the life insurance sector

- Addresses two key structural shifts in the life insurance sector:
  1. Increased allocation to **alternative assets** by insurers.
  2. Rising adoption of **cross-border asset-intensive reinsurance** (AIR).
- A total of 533 public consultation comments were received from 45 stakeholders.
- **The final Issues Paper was published on 18 November 2025.**
- The Issues paper provides an in-depth assessment of supervisory issues arising from these shifts and serves as a foundation for enhancing IAIS supervisory and supporting material to ensure a globally coordinated supervisory response.

1. Increased asset allocation to alternative investments

- **Key drivers:** Prolonged low interest rates driving the search for higher returns.
- **Potential benefits**: Enhanced portfolio diversification, higher potential returns and alignment with long-term liabilities, support for funding the real economy (eg infrastructure projects).
- **Supervisory concerns**: Valuation uncertainty due to lack of liquid markets, illiquidity and complexity of alternative assets, hidden leverage and information gaps in reporting.
- **Supervisory responses:** Strengthened risk management frameworks, improved monitoring, reporting (transparency), and stress testing, guidance on valuation, liquidity, and leverage risks.

→ ***Challenge**: **difficult to quantify trends due to lack of a broadly accepted definition of alternative assets***

Against this backdrop, the IAIS has developed a principles-based classification of alternative assets

Alternative assets are assets which display a high degree of either valuation uncertainty, illiquidity or complexity, or a combination of these

2. Asset-intensive (funded) reinsurance

- **Exposure to AIR**: Varies across regions (and so do risks).
- **Key characteristics:**
  - AIR involves transferring significant investment risks alongside insurance risks.
  - Often associated with asset-intensive products such as annuities and long-term savings.
  - Includes large upfront premiums invested in asset portfolios.
- **Key drivers:**
  - Prolonged low (historical)interest rates
  - Jurisdictional differences in reserving, capital requirements, and investment flexibility.
  - Risk management and diversification
  - Access to broader capital sources and specialised investment expertise.
  - Taxation and capital-raising efficiencies.

2. Asset-intensive (funded) reinsurance

Supervisory concerns:

Complexity of transactions and retrocessions involving multiple jurisdictions.

Concentration risks among large reinsurers and jurisdictions.

Recapture risk, where assets may not align with cedent's regulatory requirements.

Conflicts of interest: AIR to support asset origination and investments in funds controlled by PE owner.

Data Gaps: Limited data availability on AIR contracts and collateral arrangements hampers effective monitoring and risk assessment.

Supervisory responses:

Pre-approval requirements for AIR transactions.

Higher collateral requirements for credit and liquidity haircuts

Enhanced monitoring and risk management frameworks.

International cooperation to address cross-border complexities.

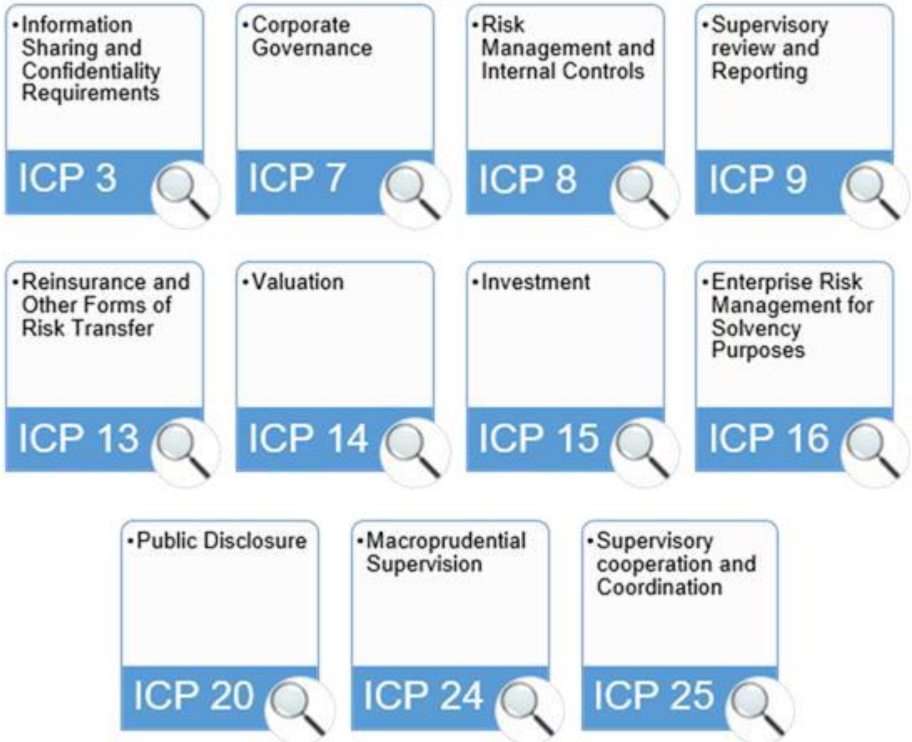
3. Macroprudential and financial stability implications

- **Assessment:** At present, such activities are **largely concentrated in specific regions** and based on currently available data and analyses, **global systemic risk concerns appear limited**, although there are data limitations. The IAIS intends to conduct further work in this area.
- **Key risks identified:**
  - Forced liquidation of assets: Insurers may sell illiquid alternative assets during stress, amplifying market disruptions.
  - Pullback from lending markets: Defaults and downgrades could force insurers to reduce financing, impacting the real economy.
  - Mass recapture of AIR: Large-scale recaptures could destabilise insurers, leading to fire sales of alternative assets.
  - Interconnectedness risks: Growing links between insurers, asset managers, and other financial institutions increase contagion risks; high leverage in alternative asset fund structures could amplify losses during downturns; concentration of AIR transactions in a few large insurers and jurisdictions raises systemic concerns.
- **Supervisory focus areas**:
  - Closing information gaps to improve monitoring and analysis.
  - Stress testing and scenario analysis.
  - Strengthening macroprudential frameworks to address concentration risks and interconnectedness.
  - Encouraging collaboration between supervisors to mitigate cross-border risks.
  - Enhancing liquidity risk management.

4. Review of the IAIS supervisory material

- **Objective**: There are a number of identified areas in which the IAIS plans to consider whether potential future enhancements to the IAIS supervisory and supporting material are warranted.
- **Areas of focus include**:
  - *Information sharing and cross-border collaboration*
  - *Corporate governance*
  - *Risk management*
  - *Supervisory review: Adapting supervisory processes to address complexities in alternative*
  - *Reinsurance and risk transfer*
  - *Asset- and liability valuation*
  - *Investment risk management*
  - *Enterprise Risk Management (ERM)*
  - *Public disclosure*
  - *Macroprudential supervision*
  - *Supervisory cooperation*

- Future enhancements may not necessarily involve updates to ICP standards.
- They may take the form of application papers, new guidance or revisions to other existing material.



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Issues Paper on structural shifts in the life insurance sector

Next steps

- **Enhance monitoring** of investments in alternative assets and AIR
- **Explore more in-depth systemic risk analysis** of structural shifts using improved data
- **Develop practical supervisory guidance** on addressing risks from investments in alternative assets and AIR.
- **Review existing standards** to identify and recommend improvements for stronger global supervisory oversight of investments in alternative assets and AIR.

These efforts aim to support supervisors in addressing emerging trends and ensuring the resilience of the global insurance sector.

NatCat protection gaps

2023 “Call to action” report on the role of supervisors in addressing NatCat protection gaps

In 2024, joint work with the OECD on G7 High-Level Framework for Public-Private Insurance Programmes against Natural Hazards

In 2025, we:

- Published a Global Insurance Market Report special topic edition, examining the financial stability implications of NatCat protection gaps
- Contributed an Input Paper to the G20 Sustainable Finance Working Group under the South African Presidency, together with the World Bank, focused on addressing NatCat insurance protection gaps

In 2026, we plan to:

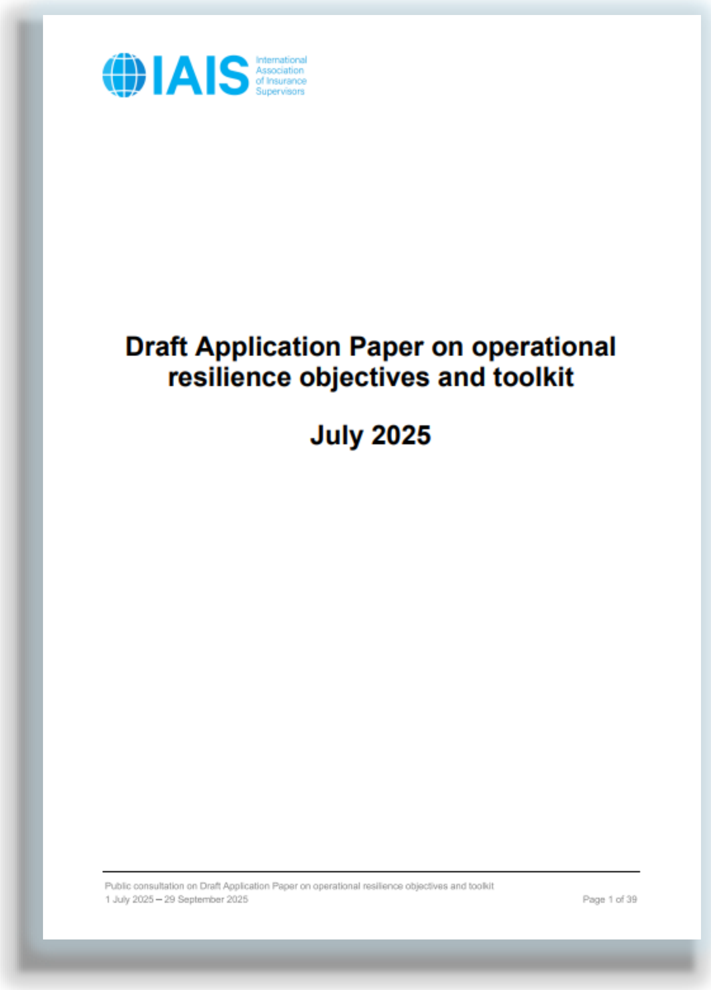
- Build on our G20 collaboration, work with the World Bank and other partners to develop practical tools to help supervisors and policymakers in addressing NatCat protection gaps, particularly in EMDE jurisdictions.

Financial stability implications of NatCat protection gaps

Significant protection gaps (ie, uninsured economic losses) persist globally, potentially posing risks to financial stability and economic resilience.

- Insurance helps mitigate financial impacts, but its availability and sustainability vary across jurisdictions due to increasing weather-related events, urbanisation and growing exposures to NatCat risks.
- NatCat events often have concentrated economic impacts on sectors like agriculture, housing and infrastructure, with significant knock-on effects on employment, income, and public finances.
- Societal impacts disproportionately affect vulnerable populations, exacerbating inequalities and delaying recovery efforts.
- While insurance plays a critical role in mitigating impacts, significant protection gaps remain, particularly in emerging markets and developing economy jurisdictions (EMDEs).
- Widening protection gaps could increase financial stability risks, for instance by shifting more risks to the banking sector.

Operational resilience: Application Paper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Draft Application Paper on operational resilience objectives and toolkit

July 2025

Public consultation on Draft Application Paper on operational resilience objectives and toolkit
1 July 2025 – 29 September 2025
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- Consulted on objectives in August 2024
- Updated objectives based on consultation feedback:
  - Member survey of practices conducted
  - Practices developed into toolkit
- Consulted on draft Application Paper between July-September 2025
- Final Application Paper subject to post-consultation edits to be published in Q1 2026

Application Paper structure: objectives and toolkit

Objectives

Outcomes-based articulation of the application of ICPs in light of operational resilience developments

Toolkit

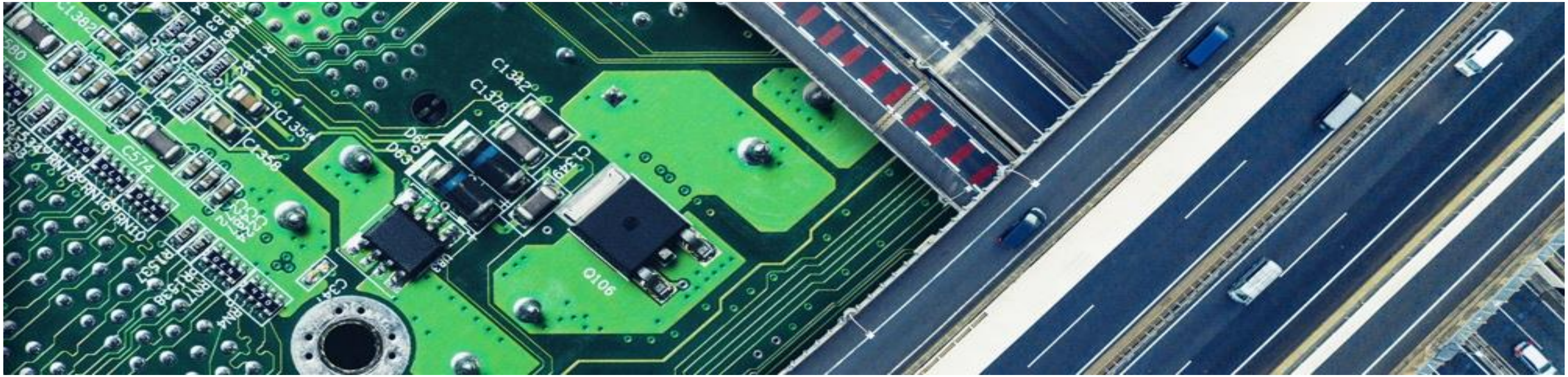
Selection of practices that could be used to achieve (or work towards achieving) the objectives

Two components work in tandem:

Objectives: high-level framework for meeting the ICPs

Toolkit: provides supervisors with practical implementation approaches that will naturally evolve as risk management practices mature (in general and for a given insurer) and new risks emerge.

The selection of practices and tools included in the toolkit can be implemented according to the specific context and needs of each supervisor and market.



Digital innovation

Artificial intelligence

- Application Paper on supervision of AI published in July. Four pillars: (i) governance and accountability; (ii) robustness, safety and security; (iii) transparency and explainability; and (iv) fairness, ethics and redress.
- Data gathering as part of the annual **GME.**
- Developing **AI question bank** to support supervisors in their engagement with insurers on AI adoption.

SupTech: Sharing emerging practices on SupTech with a focus on understanding effective digitalisation strategies. Member-only webinars planned for Q1 2026.

FinTech monitoring: Tracking member work on FinTech developments and broader trends. Understanding what structural impact these changes could have on the global insurance sector.

Q&A

Jonathan Dixon, IAIS Secretary General