

Update on International Activities Related to Financial Stability

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International Insurance Relations (G) Committee

The journey of international developments on financial stability

2008

- Global financial crisis – G20/FSB initiative to end “too big to fail”

2013

- IAIS adopts initial assessment methodology for the identification of G-SIIs and targeted policy measures

2016

- IAIS publishes an updated G-SII assessment methodology as part of its three-year review process

The journey of international developments on financial stability

2017

- IAIS announces workplan to develop a comprehensive framework for assessing and mitigating systemic risk in the insurance sector, to:
 - Leverage on approaches that focus on activities or collective exposures that could lead to systemic risk rather than exclusively focusing on the risks posed to the system by a small list of companies;
 - Apply supervisory measures to a broader set of insurers – which could significantly increase the resilience of the sector, rather than applying of a set of pre-determined policy measures to only a small group of identified G-SIIs

2019

- IAIS adopts Holistic Framework for the assessment and mitigation of systemic risk (“Holistic Framework”), welcomed by FSB – for implementation beginning 2020
- G-SII identification suspended, with a review in November 2022 based on the initial years of implementation of the Holistic Framework

Holistic Framework three key components

Global Monitoring Exercise

- **Individual insurer monitoring** covering ~60 of the largest international insurance groups
- **Sector-wide monitoring** covering ~45 of the largest insurance markets
- **Collective discussion** of identified insurance groups, as well as specific themes identified through the monitoring process.
- Findings are reported to the FSB as well as to the public in the Global Insurance Market Report ([GIMAR](#))

Enhanced Macroprudential Supervisory Policy Measures

- ComFrame standards are applied to pool of close to 50 insurance groups instead of just the previously-identified nine G-SIIs
 - Includes requirements related to liquidity risk management as well as to recovery and resolution, in line with the FSB Key Attributes.

Robust Implementation Assessment

- **Baseline assessment:** self-assessment by 26 jurisdictions including all FSB jurisdictions
- **Targeted jurisdictional assessments:** onsite assessment of 10 major insurance market jurisdictions

Demonstrated benefits of the Holistic Framework

- Demonstrated benefits of the Holistic Framework relative to annual G-SII identification:
 - Systemic risk assessment through the GME has proven more comprehensive, forward-looking and versatile in times of crises;
 - Supports a more robust collective discussion among supervisors on the potential build-up of systemic risk and appropriate supervisory responses;
 - Enhanced supervisory measures for macroprudential purposes are applied to a much broader set of insurers than those formerly identified as G-SIIs; and
 - Robust implementation assessment of the HF supervisory measures helps ensure they are implemented in a comprehensive and consistent manner across jurisdictions.
- Recognised as an improved framework to assess and respond to key risks and trends and the potential build-up of systemic risk in the insurance sector.
- Particularly relevant in the current macroeconomic context.

December 2022 FSB endorsement – press release

- December 2022: FSB in consultation with the IAIS reviewed whether to either discontinue or re-establish an annual identification of G-SIIs, based on the initial years of implementation of the IAIS Holistic Framework
- The FSB decided to discontinue the annual identification of G-SIIs.
- Going forward the FSB will utilise assessments available through the Holistic Framework to inform its considerations of systemic risk in the insurance sector.



The road ahead

- **Continued active role for the FSB**
 - Continued annual update from IAIS of the outcomes of GME and application of HF supervisory measures
 - Should circumstances so warrant, FSB may publicly express views on individual insurer systemic importance, in consultation with the IAIS and national authorities
 - IAIS input to FSB's resolvability monitoring process and the FSB's annual public reporting of insurers subject to the FSB Resolution Planning Standards
- **Further consultation and review**
 - IAIS will continue to enhance the Holistic Framework, including through its triannual review of its assessment methodology
 - Public consultation launched on review of IIM assessment methodology [here](#). Seeking input on how to refine monitoring of specific indicators eg on illiquid assets (level 3 assets), derivatives, reinsurance, short-term funding
 - In line with this triannual review timing, in November 2025 the FSB will also review its experiences with the process of assessing and mitigating systemic risk based on the Holistic Framework.
- **Importance of continued strong engagement of Members, insurers and supervisors**



Q&A