



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

# Considerations for the Implementation of ICPs

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# Overview

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- ICPs as a blueprint
- Proportionality principle is key
- Supervisory mandates differ
- Resources for implementation: capacity building and collaboration with peers
- Q&A

# ICPs are the international standards for insurance supervision

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- ICPs lay out a blueprint of how to conduct insurance supervision:
  - Organisational architecture of the supervisors
  - Cooperate with their counterparts in other sectors or jurisdictions
  - Key supervisory processes, including licensing, and supervisory techniques such as on-site inspection, off-site monitoring and supervisory intervention
  - Qualitative requirements on governance and risk management
  - Quantitative requirements on capital and valuation, and
  - Market conduct issues, including supervision of intermediaries
- ICPs guidance and supporting material, such as Issues Papers, Application Papers and Reports provide additional information for a successful implementation

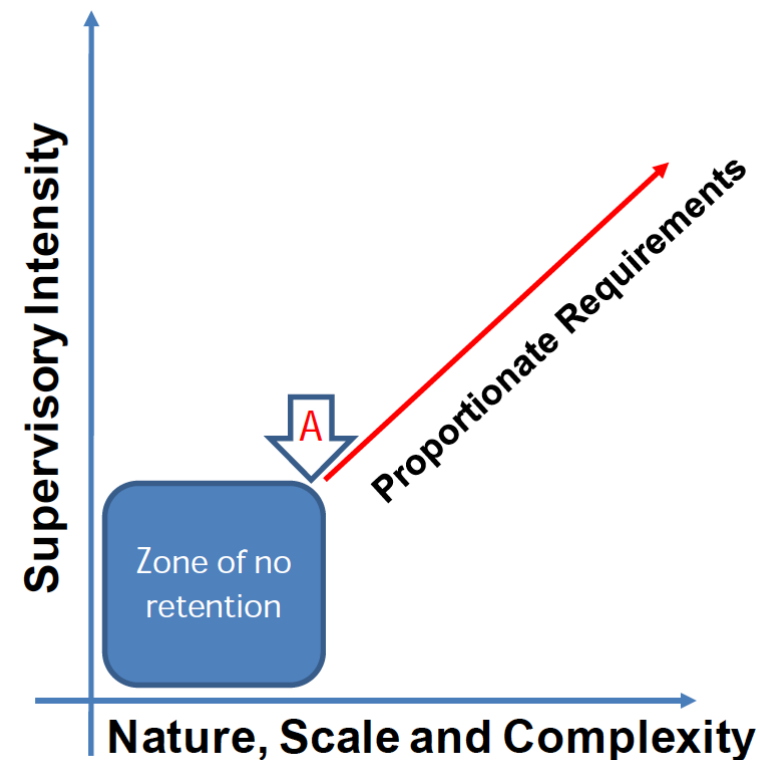
# Understanding proportionality is key: no “one-size-fits-all”

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- The ICPs apply to insurance supervision in ***all jurisdictions*** regardless of the level of development or sophistication of the insurance markets and the type of insurance products or services being supervised.
  - **The question is not if but how:** Allows the ICPs to be translated into a jurisdiction’s supervisory framework in a manner appropriate to its legal structure, market conditions and consumers
- Supervisors need to tailor certain supervisory requirements and actions in accordance with the nature, scale and complexity of individual insurers.
  - **Outcomes-based approach:** Supervisory measures should be appropriate to attain the supervisory objectives of a jurisdiction.
  - **Avoid undue burdens:** Supervisors should not go beyond what is necessary to achieve supervisory objectives.
  - **Preserve level playing field:** No undue protection from market competitive forces.
  - **Limits to proportionality:** prudent, basic and minimum requirements

# Proportionality, risk-based supervision and risk-based regulation

- **Proportionality:** measures go as far as necessary to achieve their aims.
- **Risk-based supervision:** allocation of supervisory activities and resources in accordance with the risk posed to policyholders, the insurance sector, or the financial system as a whole.
- **Risk-based regulation:** regulatory requirements vary according to insurer's risk profile. Regulation can be risk-sensitive but not proportionate.
- Publications on proportionality:
  - FSI Policy Insights 14 on insurance solvency requirements
  - A2ii Proportionality in Practice: Disclosure requirements



# Different supervisory mandates translate into different implementation strategies

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- An insurance supervisor mandate may include:
  - Protection of policyholders (core)
  - Prudential supervision (core)
  - Contributing to financial stability
  - Regulating conduct of business to ensure fair treatment of policyholders
  - Facilitating financial inclusion
  - Developing the local insurance industry
  - Promoting the country as a financial centre
  - Promote or even facilitate financial innovation including “insurtech”
- Different mandates should be considered when implementing ICPs, including those related to RBS

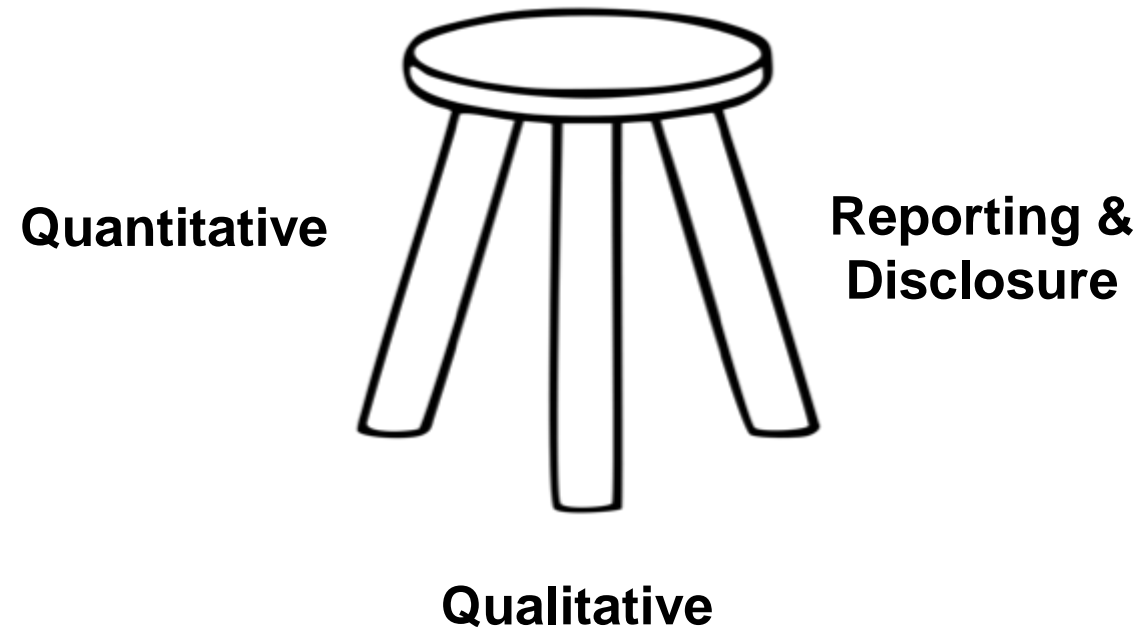
# Resources for implementation: capacity building and collaboration with peers

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- Risk-based approach: higher complexity for insurers and supervisors
- Developing a capacity building plan
  - Identify capacity building gaps
  - Forward-looking
  - Hard skills and soft skills
  - Leverage online resources, regional seminars, in-house training
- Collaboration with peers
  - Translation of supporting and training material
  - Exchange of practices and experiences

# Three legged stool

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# Q&A

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# Contact information

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