

Recovery & resolution: Insights from global practice and standard setting

International Insurance Conference of Georgia

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Batumi, 12 June 2025



The IAIS as global insurance standard setter

IAIS – the global insurance standard setter

The mission of the IAIS is:

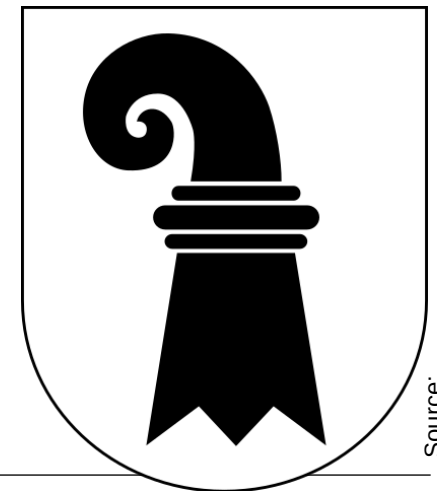
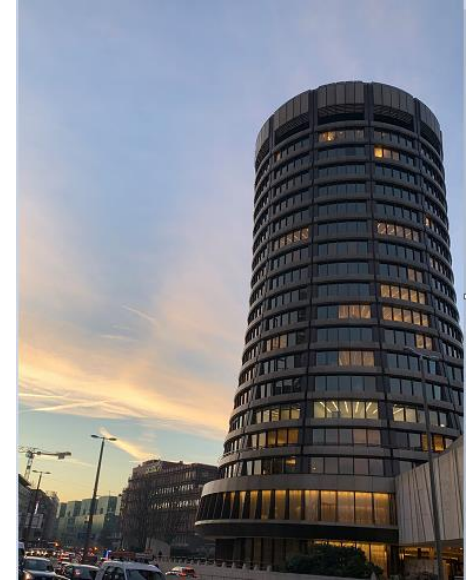
Promoting **effective and globally consistent supervision** of the insurance industry in order to develop and maintain **fair, safe and stable insurance markets** for the **benefit and protection of policyholders** and to contribute to **global financial stability**.

More than **200** jurisdictions,
constituting **97%** of global insurance premiums,
represented by **40** members of our Executive Committee

IAIS part of Basel landscape of financial services SSBs

With whom the IAIS closely cooperates and coordinates

- **Basel Committee on Banking Supervision (BCBS/Basel Committee)**
- **Financial Stability Board (FSB)**
- **Bank for International Settlements (BIS)**
- International Organisation of Securities Commissions (IOSCO)
- International Organisation of Pension Supervisors (IOPS)
- International Accounting Standards Board (IASB)
- International Members of the IAIS
 - European Commission (EC)
 - International Monetary Fund (IMF)
 - Organisation for Economic Cooperation and Development (OECD)
 - World Bank (WB)
- IAIS Implementation Partners
 - Access to Insurance initiative (A2ii) (also: Intl. Member of the IAIS)
 - International Actuarial Association (IAA)
 - Financial Stability Institute (FSI (BIS)) (also: Intl. Member of the IAIS)
 - Toronto International Leadership Centre for Financial Sector Supervision (TC)



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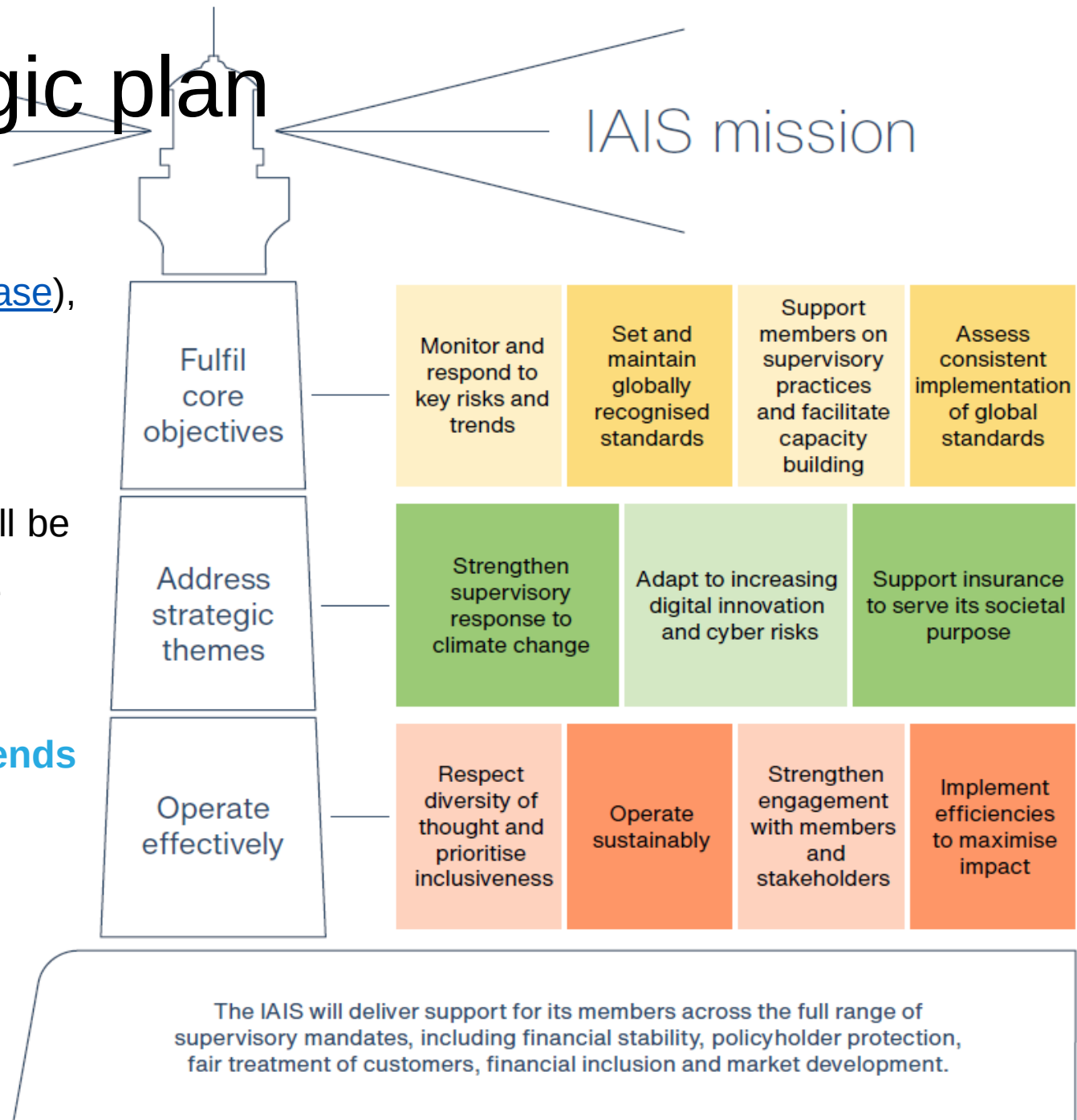
IAIS reform agenda now successfully completed

- **Global Financial Crisis (GFC) 2007/2008:** Subsequent intensive period of policy work, over a decade, to address the weaknesses exposed by the GFC (“post-crisis reform agenda”)
- **By end 2019:** Significant progress on post-crisis reform agenda, with finalisation of
 - **Common Framework** for the Supervision of Internationally Active Insurance Groups (IAIGs) (ComFrame)
 - **Holistic Framework (HF) for the mitigation of systemic risk in the global insurance sector**
- **From 2020 onwards:**
 - Finalisation and implementation of agreed reforms remain a critical priority (eg ICS, a risk-based global capital standard for IAIGs)
 - Focus shifted to identified trends and developments (such as FinTech, cyber risk, climate risk, SDGs etc) with the potential to reshape the insurance business
 - Advancing several initiatives to both assess the comprehensive and consistent implementation of IAIS agreed reforms
- **Covid-19/2023 US banking crisis:** Economic and geopolitical challenges and financial market complexities => **global insurance sector remained largely resilient; recent global insurance supervisory reforms have served the sector well**
- **December 2024:** Adoption of the **ICS** ((quantitative element of ComFrame; consolidated GW capital standard for IAIGs) as a Prescribed Capital Requirement (PCR) in Cape Town

Strategic Plan 2025-2029 of the IAIS

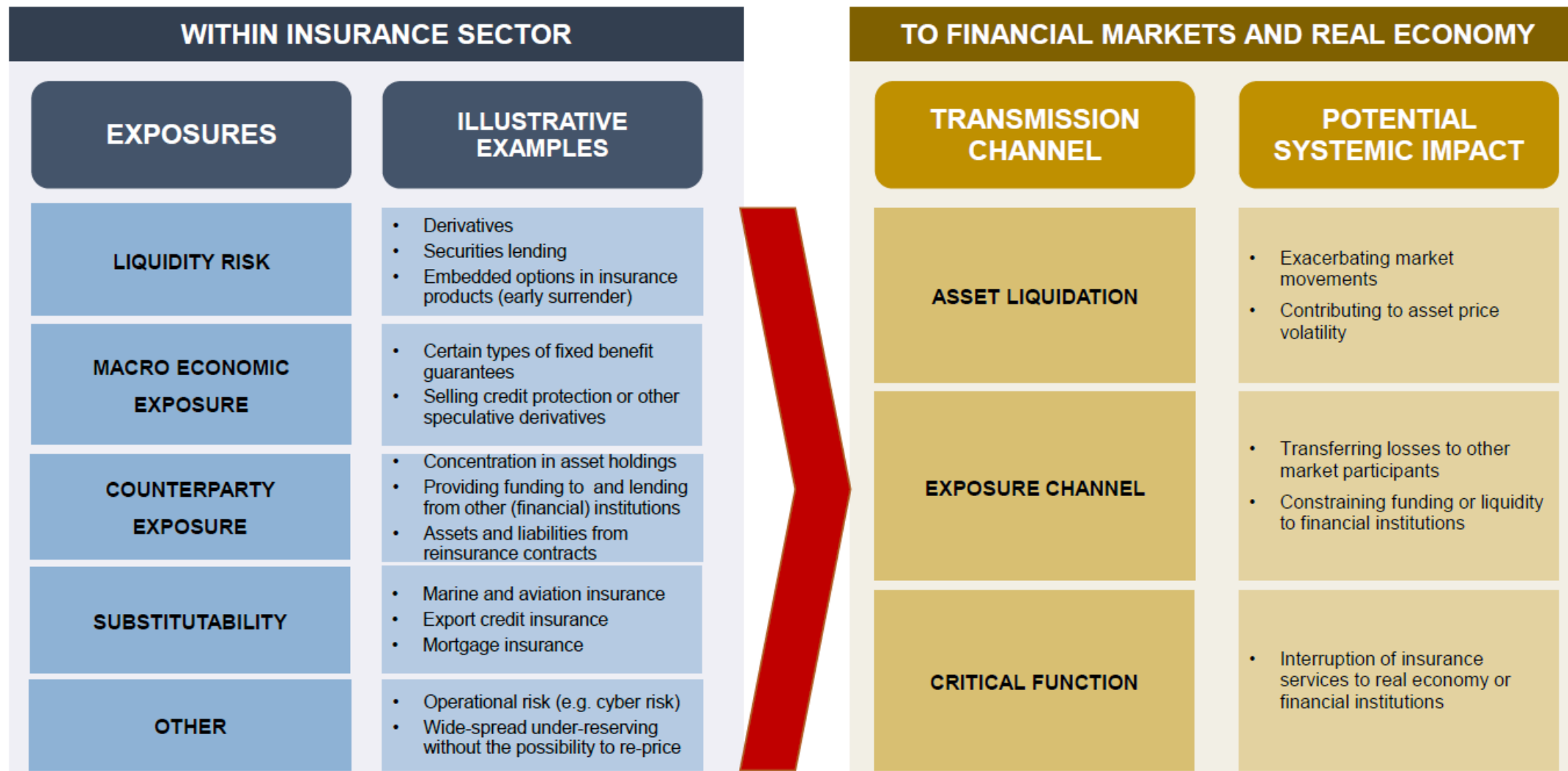
Overview of the strategic plan

- The IAIS 2025-2029 Strategic Plan has been published on 21 October 2024 (see [press release](#)), after approval at the EGM in September 2025
- The 2025-2029 period follows an intensive standard setting phase; going forward there will be a shift to maintenance and refinement of these standards
- **Focus shifts to: assessing key risks and trends in the global insurance sector; supporting effective supervisory practices; robust implementation assessment and support**



The Holistic Framework

Routes of potential build-up of systemic risk



Holistic Framework supposed to replace G-SII methodology

2007/08

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

2013

- IAIS adopts initial G-SII identification methodology and targeted policy measures
- IAIS develops a draft structure for ComFrame*– consisting of supervisory standards and guidance

2016

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

2017

- IAIS announces workplan to develop a comprehensive framework for assessing and mitigating systemic risk in the insurance sector

2019

- **IAIS adopts Holistic Framework, welcomed by FSB; implementation beginning 2020**
- G-SII identification suspended, with a review in November 2022
- IAIS adopts ComFrame

Holistic Framework design and purpose

- The IAIS [Holistic Framework](#) is an **integrated set of key elements aimed at assessing and mitigating systemic risk in the global insurance sector**. The framework consists of three main elements (“pillars”): **a global monitoring exercise, supervisory material/measures, and an implementation assessment**.
- The Holistic Framework **supervisory material is integrated into ICPs and ComFrame** and is **designed to improve the assessment and mitigation of systemic risk** in the insurance sector.
 - There is a move away from the previous binary approach, which saw a set of pre-determined policy measures applied only to a small group of identified G-SIIs, toward a proportionate application of an enhanced set of policy measures to a broader portion of the insurance sector. Therefore, the **material** contained in the ICPs and ComFrame has a **broader application**.
 - One of the thematic areas covered in the Holistic Framework supervisory material is “**crisis management and planning**”, which includes standards related to **recovery and resolution**.

The three pillars of the Holistic Framework

Global Monitoring Exercise

- The GME assesses global insurance market trends and developments and detects the measures any build-up of systemic risk in the global insurance sector. This includes, at an **individual insurer** and **sector-wide level**, a **collective discussion** at the IAIS ExCo on the assessment of potential systemic risks and appropriate supervisory responses and reporting to the FSB on the outcomes.
 - **Individual insurer monitoring** covering ~60 of the largest international insurance groups
 - **Sector-wide monitoring** covering ~45 of the largest insurance markets
- Findings are reported to the FSB as well as to the public in the Global Insurance Market Report (GIMAR).

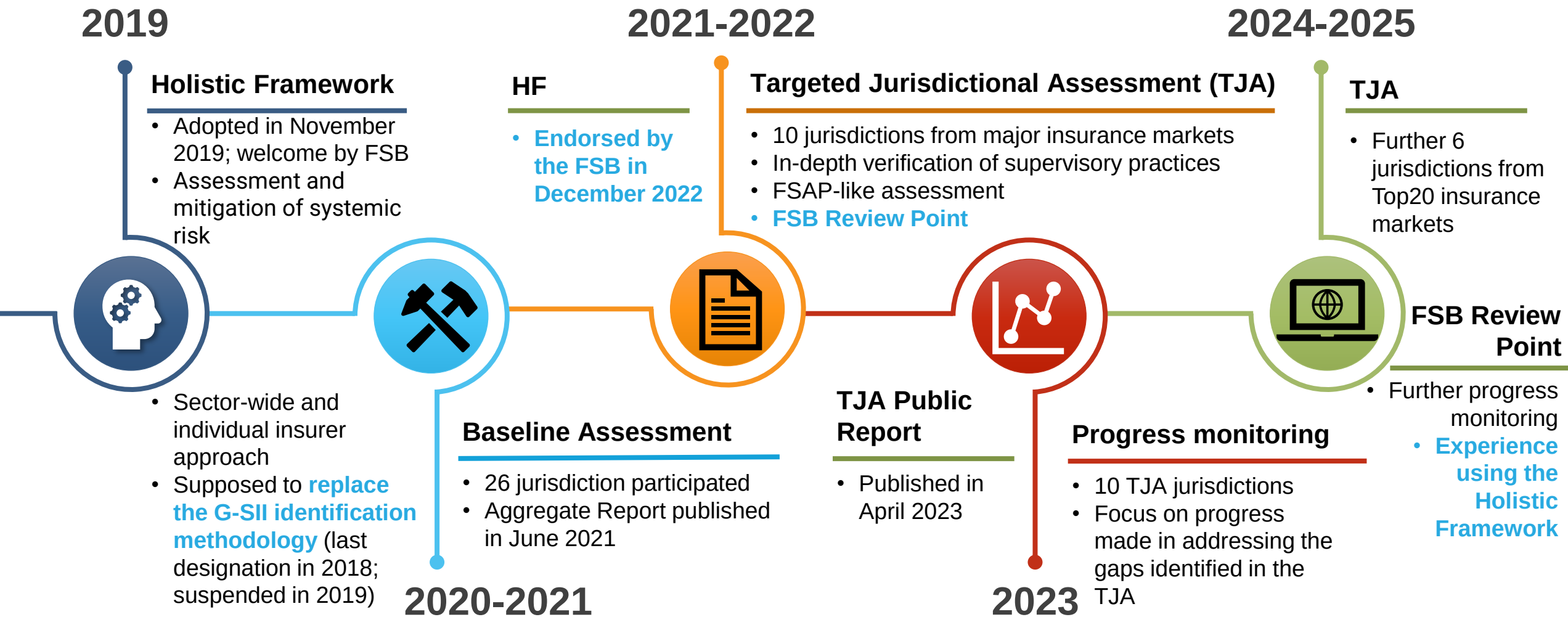
Enhanced Macroprudential Supervisory Policy Measures

- A set of supervisory policy measures for macroprudential purposes, designed to **increase the overall resilience of the insurance sector and help prevent insurance sector vulnerabilities and exposures from developing into systemic risk**. The Holistic Framework related supervisory material is integrated into the Insurance Core Principles and ComFrame.
- ComFrame standards are applied to pool of 50+ identified internationally active insurance groups (IAIGs) 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 (KAs).

Robust Implementation Assessment

- IAIS' assesses the **consistent implementation of the Holistic Framework supervisory material** across jurisdictions, as well as the enhanced supervisory policy measures and powers of intervention.
 - **Baseline assessment:** self-assessment by 26 jurisdictions including all FSB jurisdictions
 - **Targeted jurisdictional assessments:** onsite assessment of 10 major insurance market jurisdictions in 2021-2022 with 6 more in 2024-2025
 - **Progress monitoring:** review of the progress reported by jurisdictions participating to the TJA in addressing the gaps observed

Safeguards: Several FSA review points



Key requirements for the insurance sector

Thematic area	High-level description	Location *	Scope of application	
			Legal entity / Group	IAIG
Macroprudential supervision	Enhance the link of macroprudential supervision to supervisory review and reporting	ICP 9 (Supervisory Review and Reporting) incl ComFrame	•	•
	Requirements on Macroprudential Supervision	ICP 24 (Macroprudential Supervision)	•	•
Requirements on insurers	Enterprise Risk Management requirements related to: • Liquidity risk; • Counterparty exposures; and • Macroeconomic exposure.	ICP 16 (Enterprise Risk Management for Solvency Purposes) incl ComFrame	○	•
	Public disclosure requirement for liquidity risk	ICP 20 (Public Disclosure)	•	•
Crisis management and planning	Coordination of crisis management preparations	ICP 25 (Supervisory Cooperation and Coordination) incl ComFrame	•	•
	• including the establishment of crisis management groups			•
	Requirement on recovery planning	ICP 16 incl ComFrame	○	•
	Resolution framework including resolution powers	ICP 12 (Exit from the Market and Resolution) incl ComFrame	•	•
	Requirement on resolution planning			○
Powers of intervention	Preventive and corrective measures	ICP 10 (Preventive Measures, Corrective Measures, and Sanctions) incl ComFrame	○	○

Review of Holistic Framework supervisory material

- As part of its endorsement by the FSB, the IAIS committed to consider lessons learnt from its implementation, particularly through the Targeted Jurisdictional Assessments (TJAs), which are intensive assessments of the implementation of the Holistic Framework supervisory material (HF IA).
- Accordingly, the IAIS reviewed certain ICPs and ComFrame that form part of the Holistic Framework supervisory material, including the standards and guidance related to recovery and resolution.
- Those standards were updated to incorporate lessons learnt, enhance clarity on intended outcomes, ensure consistency in interpretation and avoid unintended consequences that were identified through the TJA.
- The [updated ICPs and ComFrame](#) were adopted in December 2024. The key points of the updated standards and guidance related to recovery and resolution are presented in the following slides.

ICP 16.15 and related CF (Recovery planning and plans)

16.15 *The supervisor*

- *requires insurers to evaluate in advance their specific risks and options to recover from severe stress;*
- *has a process to regularly assess which insurers are required to have a recovery plan, based on established criteria that consider the nature, scale and complexity of the insurer;*
- *requires, at a minimum, a recovery plan for any insurer assessed to be systemically important or critical if it fails; and*
- *ensures that, when a recovery plan is required, the insurer has it in place and regularly reviews and updates it when necessary.*

- The changes were made to align with those for resolution in ICPs 12.3 and 12.4.
- In addition, some new guidance was added on the following points:
 - The expectation for insurers to “**evaluate** in advance their specific risks and options to recover from severe stress”, may be **applied differently** to different insurers **depending on the nature, scope and complexity of insurers**; and
 - The ORSA could be used as the basis of the evaluation, particularly for small insurers.

ICP 12.3/.4 and related CF (Resolution preparation and plans)

12.3 *The supervisor and/or resolution authority has in place effective processes and procedures to prepare for and conduct the resolution of insurers.*

12.4 *The supervisor and/or resolution authority:*

- *has a process to regularly assess which insurers to subject to a resolution plan requirement, based on established criteria that consider the nature, scale and complexity of the insurer;*
- *requires, at a minimum, a resolution plan for any insurer assessed to be systemically important or critical if it fails; and*
- *ensures that when a resolution plan is required, it is in place, regularly reviewed and when necessary updated, and that a resolvability assessment is regularly undertaken.*

- At the ICP standard level, the IAIS made changes to include a requirement for supervisors and/or resolution authorities to have a process to prepare for resolution in general (ICP 12.3); and a separate requirement for a process to regularly assess which insurers must have a resolution plan (ICP 12.4).
- This means that the **resolution plan requirement** was moved from ComFrame to the ICPs, to be applied not only to “IAIGs, as necessary”, but all insurers as necessary based on established criteria, and **at a minimum for any insurer that is assessed to be systemically important or critical if it fails.**

ICP 12.3/.4 and related CF (Resolution preparation and plans) (cont'd)

- The changes were made to ensure consistency in determining insurers in scope of the requirement, recognising that resolution plans may also be needed for non-IAIGs, and to **further align** the standards **with the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions** (KAs).

ICP 12.8 and related CF (Resolution powers)

12.8 *Legislation provides a range of powers to resolve insurers effectively, which are appropriate to the nature, scale and complexity of the jurisdiction's insurance sector. These powers are exercised proportionately, with appropriate flexibility and subject to adequate safeguards.*

- ICP 12.8 was changed to clarify the meaning of "an appropriate range of powers" and ensure global consistency.
- The resolution powers are **grouped into eight separate categories** in the guidance of the ICP. Additionally, the following powers that were originally included only in ComFrame are added to the ICP, as they may also be relevant for resolving an insurer that is not an IAIG:
 - temporarily stay early termination rights associated with derivatives and securities financing transactions;
 - establish a bridge institution; and
 - take steps to provide continuity of essential services and functions.

ICP 12.8 and related CF (Resolution powers) (cont'd)

- At the ComFrame level, instead of covering all required resolution powers in one standard, these powers are covered in multiple standards, thereby allowing for a more precise implementation assessment.

Application Papers on recovery and resolution

- The IAIS is currently working on reviewing and updating the following existing Application Papers on recovery and resolution to provide further guidance on the relevant revised ICPs and ComFrame:
 - [Application Paper on Resolution Powers and Planning](#) (published in June 2021)
 - [Application Paper on Recovery Planning](#) (published in November 2019)
- This work is being conducted in coordination with the FSB, which is conducting similar work to develop guidance on resolution in 2025-2026, to ensure alignment between the IAIS and FSB materials.
- The public consultation on the draft updated Application Papers is planned to be launched later in 2025. The final Application Papers will then be published in 2026.



Thank you

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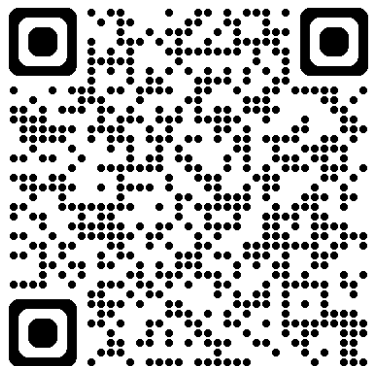


Annex

IAIS Strategic Plan 2025-2029

"The 2025-2029 Strategic Plan builds on the achievements of the previous five-year period. Looking ahead, the IAIS will place a greater emphasis on implementation of our standards and on the themes of climate change, digital innovation and societal resilience."

Shigeru Ariizumi, IAIS Executive Committee Chair



<https://youtu.be/7ykxfjEpmdQ>



IAIS core objectives in the 2025-2029 period

In the 2025-2029 period, the IAIS will continue to perform and enhance its **dual role** as:

- A **broad-based membership driven Association**, established to support members in their own efforts to strengthen insurance supervision
- A **standard-setting body within the global financial architecture** (the “Basel” process)

The IAIS seeks to perform these roles, and achieve its mission, through a mutually reinforcing cycle of activities, which can be characterised as four core objectives

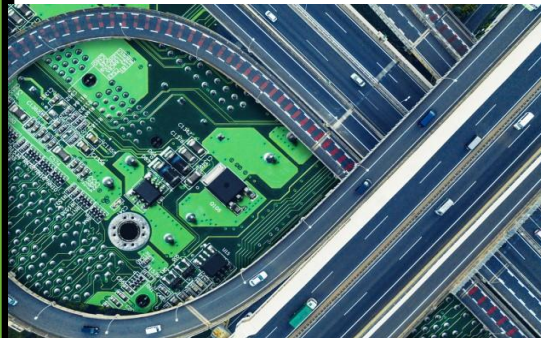


IAIS strategic themes for 2025-2029

Strengthening
supervisory
response to
climate change



Adapting to digital
innovation and
cyber risks



Supporting
insurance to serve
its societal
purpose of
building resilience



Operational priorities

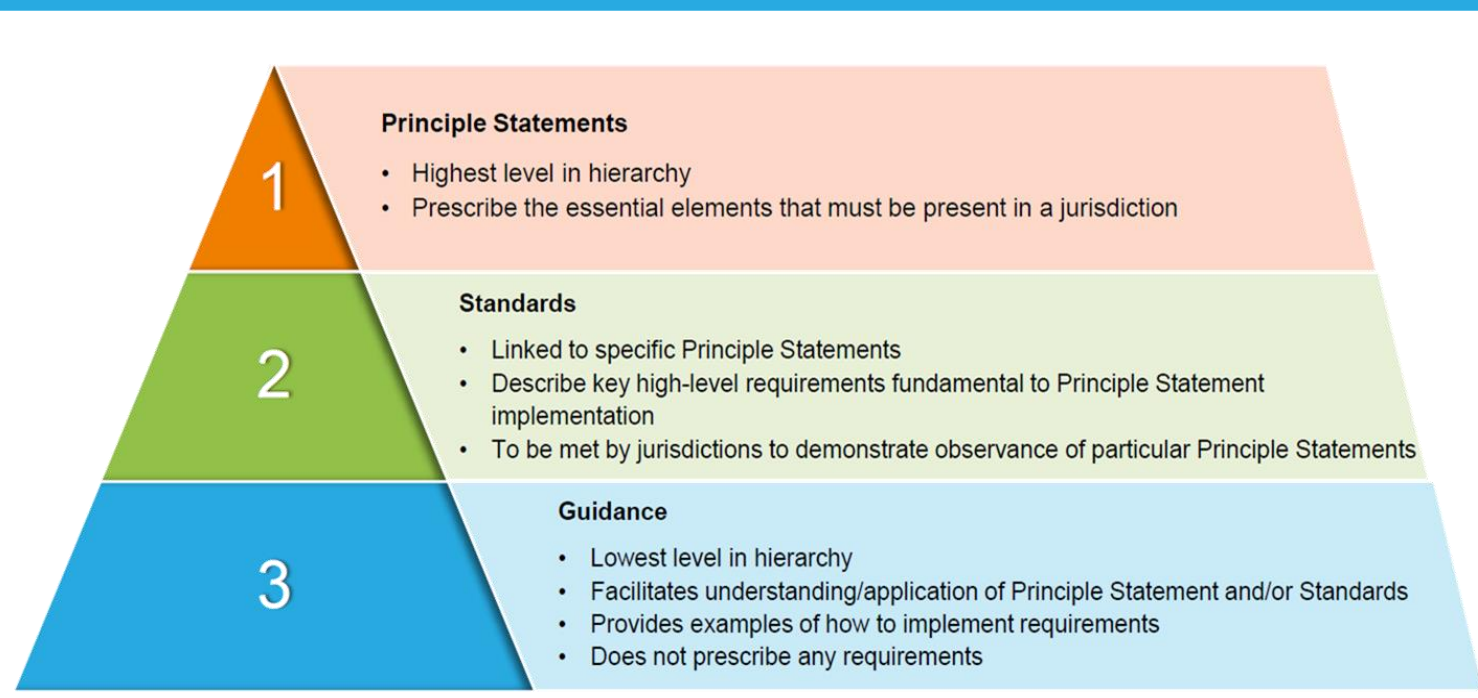
- Four operational priorities identified for the five-year period
 - DE&I
 - Sustainability
 - Strengthened engagement with Members and stakeholders
 - Implementation of efficiencies to be able to focus on impact
- Commitment to continuous improvement in how the IAIS operates
- **Leveraging technology** as important enabler to achieve these operational priorities
- Core functions of the Secretariat to be maintained, including communications, stakeholder outreach and events, strategic planning, coordination, internal processes, HR, IT, legal, risk and Finance



Insurance Core Principles – the pillars of global insurance supervision

There are 24 ICPs covering a broad range of areas including governance, risk management, solvency, conduct of business and macroprudential supervision.

Structure and scope of the ICPs



Development and maintenance of ICPs

- The ICPs in the current form were first adopted in 2011 and last updated in 2024.
- In December 2024, revisions to some ICPs, such as related to valuation, capital adequacy, climate risk and the Holistic Framework were adopted.

IAIS Standards - ICPs and ComFrame

- The Insurance Core Principles (ICPs) form the **globally accepted framework for insurance supervision**. The ICPs seek to encourage the maintenance of consistently high supervisory standards in IAIS member jurisdictions. It applies to all insurers.
- The Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame/CF) builds on ICPs and establishes **supervisory standards** and guidance **focusing on** the effective group-wide supervision of **Internationally Active Insurance Groups (IAIGs)**.
- The **proportionality principle** applies to the ICPs and ComFrame, which allows supervisors to tailor their requirements to the size, complexity and risk profile of insurance companies.

ICPs and application papers

- **Application papers** provide supporting material related to supervisory material. Supporting material aids IAIS members to put the ICPs into practice.
- Application papers **do not include new requirements**, but provide further advice, illustrations, recommendations or examples of good practice to supervisors on how supervisory material may be implemented.
- The **proportionality principle** applies to the content of application papers.