



INSURANCE STATE
SUPERVISION SERVICE
OF GEORGIA

**GLOBAL MEETS LOCAL: HARMONIZING GEORGIAN REGULATIONS WITH INTERNATIONAL ONES;
LESSONS LEARNT FROM MODERNIZING LOCAL INSURANCE REGULATION AND ALIGNING
IT WITH THE INTERNATIONAL FRAMEWORK**

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ISSSG



ASSOCIATION AGREEMENT

**Between the European Union and the European Atomic
Energy Community and their Member States and
Georgia | Date: 30.08.2014**

Georgia's European Path: A Commitment to Integration

- Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance **(Solvency II)**;
- Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on **insurance mediation** (*The given has been repealed and replaced by Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (IDD)*);
- Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the **activities and supervision of institutions for occupational retirement provision** (*recast by Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs)*);



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- Council Directive 91/674/EEC of 19 December 1991 on the **annual accounts and consolidated accounts of insurance undertakings**;
 - Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to **insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability**;
 - *Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council*;
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- Insurance Core Principles (ICPs) issued by the International Association of Insurance Supervisors (IAIS);
 - Participation in the IAIS peer-review programme to ensure alignment with ICPs; Reviewed ICPs: 1, 2, 4, 5, 7, 8, 9, 10, 11, 13, 18, 19, 24;



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Solvency II

Three Pillars of Solvency II

1. Pillar I – Quantitative Requirements;
2. Pillar II – Governance and Risk Management;
3. Pillar III – Transparency and Reporting;

EU Support: Twinning Project (2019–2022) Funded by the EU and implemented with the Directorate-General for Insurance and Pension Funds (DGSFP), Spain.

Key driver: capacity building and regulatory alignment.



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საქართველოსთვის
The European Union for Georgia



Solvency II

Component 1: Legislative and Regulatory Framework

- Introduction of Solvency II system to the ISSSG;
- Extensive study visits and practical sessions (domestic and international);
- Drafted:

Initial legislative framework; Comprehensive by-laws;

Component 2: Institutional and Capacity Building

- Assessment of market readiness and stakeholder involvement;
- Engagement with public and private sectors;
- Awareness raising;
- Analysis of implementation scenarios for a smooth transition;



Solvency II

Progress and Next Steps

Special Working Within the ISSSG Revised: revised the draft law and 12 by-laws

The next step - to present the draft to the industry for consultation;

- To support implementation, ISSSG invited Professor Karel Van Hulle — a key architect of Solvency II to share expertise and guidance (two working visits).

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- **EU Funded Short-term TAIEX Projects: Solvency II TWINNING Review Mission;**

Implementation of EU Directive on Insurance Distribution (2016/97) and Environmental, Social and Governance (ESG) Factors;



Insurance Mediation

- ▶ Amendments to the Law of Georgia "On Insurance"
- ▶ Comprehensive set of by-laws regulating insurance broker activities:
 - New registration and ownership disclosure requirements;
 - Supervisory mechanisms (on-site and off-site);
 - Financial soundness standards;
 - Record-keeping, transparency and consumer protection rules;
 - Sanctioning powers;
 - Fit & proper criteria for administrators;
- ▶ Insurance agents are outside the scope of regulation.

Future Plans: Alignment with the Insurance Distribution Directive - IDD – Directive (EU) 2016/97



Activities and supervision of institutions for occupational retirement provision

► ISSSG is a supervisory authority for the private pension system (III pillar)

- The Law of Georgia on “Voluntary Private Pensions” in 2023;
- ISSSG developed and published 18 regulatory by-laws;
- Tax incentives system was introduced;



Insurance against civil liability in respect of the use of motor vehicles and the enforcement of the obligation to insure against such liability (MTPL)

- ▶ “On Compulsory Civil Liability Insurance for an Owner of a Motor Vehicle Registered in a Foreign Country Driven in the Territory of Georgia” adopted in 2017;
- ▶ The draft law on “Mandatory Civil Liability Insurance of the Owner of a Motor Vehicle Registered in Georgia” has been prepared;

**Currently, both are consolidated as one draft law.*



Financial Reporting, Financial Conglomerates

► IFRS Alignment (Directive 2013/34/EU & 2006/43/EC)

- Under the Law on **Accounting, Reporting and Auditing**, all **Public Interest Entities**, including insurers, must prepare and publish annual financial statements in compliance with **IFRS**;
- In 2023, insurers transitioned from IFRS 4 to **IFRS 17**;

► Insurance Groups & Financial Conglomerates (Directive 2002/87/EC)

The Law on **Supplementary Supervision of Regulated Entities within a Financial Conglomerate** was adopted in 2023. The law introduces group-level supervision covering:

- Capital adequacy;
- Risk concentration;
- Intra-group transactions;
- Internal control and risk management;

A joint supervisory and regulatory framework (including financial sanctions) has been established by ISSSG and the National Bank.



ESG Standards & Corporate Sustainability Reporting

► ESG Integration into Insurance Regulations

ISSSG has initiated the process of incorporating Environmental, Social and Governance (ESG) standards into national insurance legislation.

ESG-related requirements are already reflected in the new Solvency II draft (e.g., investment rules and consumer rights). ESG principles support the insurance sector's role in:

- Addressing environmental challenges;
- Fulfilling social responsibilities;
- Strengthening governance for long-term resilience;

► Alignment with CSRD (Directive (EU) 2022/2464)

Since 2024, ISSSG has participated in an interagency task force to support approximation to the Corporate Sustainability Reporting Directive.



Cooperation with the International Organizations

Member of International Association of Insurance Supervisors – IAIS

Within Central, Eastern Europe and Transcaucasia (CEET) region Member of:

- Implementation and Assessment Committee (IAC);
- Executive Committee (ExCo);

ISSSG has officially applied to IAIS MMoU - Multilateral Memorandum of Understanding on Cooperation and Information Exchange.

Our IAIS MMoU validators: Lead Validator: FMA (Austria), Co-Validators: NAIC (USA), FSS & FSC (South Korea)

- A draft assessment report has been prepared, identifying the need for legislative amendments;
- Legislative amendment to the Law of Georgia “On Insurance” has been prepared;



Central Eastern and South Eastern European Insurance Supervision Initiative - CESEE ISI

Initiative unites: Austria (FMA), Albania, Estonia, Hungary, Lithuania, North Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine.

The CESEE Insurance Supervision Initiative meets on a regular basis in the form of conferences and workshops to advise about current insurance supervisory issues.

ISSSG will be hosting 2025 CESEE meeting.



Member of International Organization of Pension Supervisors - IOPS

Since 2021, ISSSG has been a member of IOPS

ISSSG is engaged in IOPS activities, such as:

- Submits statistical and analytical data;
- Policy discussions;
- Global and regional forums;
- IOPS Annual Forum;

Broad Representation from Georgia in IOPS:

- ISSSG – 3rd Pillar Component;
- National Bank – 2nd Pillar;
- Ministry of Economy and Sustainable Development – Policy alignment;



European Insurance and Occupational Pensions Authority – EIOPA

- Active Engagement despite Non-EU membership;
- High-Level Participation;
- ISSSG Chairman was invited to participate in the panel discussion at the Eastern Cooperation Conference;

Ongoing Involvement

- Regular participation in EIOPA events and consultations, including virtual, short event series on new EU directives;



Strengthening Consumer Protection

- **Reform & Alignment**

The ISSSG has undertaken significant institutional and legal reforms to enhance consumer protection.

International Engagement

Active participant in the annual Consumer Protection Day hosted by the Three European Supervisory Authorities (ESAs):

- EIOPA(Insurance authority);
- EBA (Banking Authority);
- ESMA (Securities and Markets Authority);



Eastern European Risk Insurance Association - EERIA

ISSSG is a member of EERIA

Educational Partnership covers:

- Training sessions;
- Summer school programs;
- Specialized educational events;
- Exchange practical experiences with peers from the region;
- Engage in open discussions with international experts;



XPRIMM - Promoting Reinsurance & Insurance Market by Media

XPRIMM is a specialized media agency focused on:

- Insurance and reinsurance;
- Insurance intermediation;
- Private pension insurance;

Scope of Cooperation

- Professional visits and participation in international events;
- Contributions to print and digital media;
- Enhanced international visibility for Georgia's insurance sector;
- Annual Market Reviews;
- Analytical reports;



NAIC – USA National Association of Insurance Commissioners

ISSSG cooperation in the forms, of:

Participation in NAIC Annual Forums;

Participations in Study courses/online sessions on USA Insurance Supervisory system;



World Bank - WB

Strategic Partnership and Key Areas of Cooperation Legal and Regulatory Reforms

- Technical Assistance (TA) projects led to major amendments in the insurance legislation to ensure the financial soundness and stability;

Motor Third-Party Liability Insurance (MTPL)

- Draft legislation for vehicles registered in Georgia;
- Draft Legislation for foreign-registered vehicles operating in Georgia;

Feasibility Study for Introduction of New Insurance Products: Medical Malpractice Liability Insurance; Builders and Architects Liability Insurance; Agro-Insurance Programme (state-subsidized); Life Insurance Market Assessment.

Private Pension (Ongoing)

- Development of annual/semi-annual reporting system for private pension scheme founders;
- Development Voluntary Private (Occupational) Pension Support Programme;



Asian Development Bank- ADB

Supporting the development of Voluntary Private Pension System

Key contributions in Legislative Support:

- Law of Georgia on “Voluntary Private Pensions” (effective from 2025 year);
- Development of Secondary Legislation;



Bilateral Cooperation

Strengthening International Partnerships through Direct Engagement

MoUs in Progress:

- Austria – Financial Market Authority (FMA);
- Slovenia – Insurance Supervisory Authority (AZN);
- Regional Cooperation with the Central Bank of Armenia – signed memorandum of understanding



Key Training Initiatives

- **A2ii Certified Online Programme**

Delivered in partnership with IAIS and the Toronto Centre; Tailored for insurance supervisors;

- **FSI – FIRST ONE Programme**

Multi-month annual certified training program on Insurance Core Principles (ICPs) by Financial Stability Institute;

- **EERIA Academic Programme;**

Structured academic learning and peer exchange;

- **NAIC International Fellows Online Programme (USA)**

Intensive virtual program with a comprehensive overview of global/US supervisory systems;



Anti-Money Laundering and Counter-Terrorism Financing Framework

Institutional Development

- Early 2000s – AML/CTF system introduced in Georgia;
- VLAP with the EU – Triggered comprehensive reforms;
- 2015 – Creation of the dedicated AML/CTF Division within the ISSSG;
- 2019 – Implementation of the new AML/CTF Law and updated reporting mechanisms;

Supervisory Activities

- Off-site & on-site inspections conducted regularly; Standardized reporting forms and procedures implemented across all supervised entities;

International Standards & Evaluations- Member of MONEYVAL (Council of Europe) since 1999;
2019 – 5th Round Mutual Evaluation by MONEYVAL; 2020 – Positive assessment of ISSSG's AML/CTF effectiveness and alignment with FATF recommendations; Supervision deemed proportionate and risk-based for the insurance sector;
As of 2023 National Risk Assessment: Insurance sector classified as low risk for AML/CTF exposure.



Consumer Rights Protection

Legislative Reform

Gradual amendments to the Law of Georgia "On Insurance"

Regulatory Framework based on:

Insurance Core Principles (ICP); EU Insurance Consumer Protection Framework; G20 High-Level Principles for Financial Consumer Protection; EU Directives on Insurance Distribution & Mediation; Good Practices for Financial Consumer Protection (WB);

International Engagement

- Co-organizer of annual international conferences on competition & consumer protection;
- Participation in cross-sectoral initiatives with Georgia's five key regulatory agencies;

Public Awareness & Education - Since 2022: Annual World Consumer Rights Week;



Actuarial Profession

From Initiative to Implementation – Building Actuarial Capacity in Georgia

International Foundation

2018: First actuarial qualification program in Georgia launched with:

- AAFA (Association of Actuaries and Financial Analysts);
- CAA Global's Certified Analyst Actuarial qualification;
- Supported by USAID under the “Governing for Growth (G4G)” program;
- Amendments to the Law of Georgia “On Insurance” (2023);
- Mandatory employment of actuaries by insurers starting January 1, 2025;



Actuarial Profession

- AAFA – First actuarial association in the Caucasus
- Associate member of the International Actuarial Association (IAA);

Global Engagement

- 2024: Event hosted by the ISSSG, featuring Chairman of the Czech Actuarial Society;
- Shared EU standards and actuarial reporting practices;
- Ongoing participation in the World Association of Actuaries Congress (Actuaires du Monde);

2024: First actuarial course launched at Tbilisi State University

- Short-Term Actuarial Mathematics course; Curriculum covers core theoretical and practical topics;



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THANK YOU!