



REPORT TO CONGRESS

Engagement in Global Insurance Regulatory or Supervisory Forums in 2023

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Contents

Introduction	1
International Insurance Issues, Positions, and Effects	5
International Forums: the IAIS, the FSB, and the OECD	6
IAIS Activities	10
FSB Cross-Border Resolution	16
Transparency Efforts at the IAIS and the FSB	19
IAIS Transparency Efforts	19
FSB Transparency Efforts	23
Federal Advisory Committee on Insurance	23
Insurance Policy Advisory Committee	23
Conclusion	25

Introduction

This report is submitted by the Secretary of the U.S. Department of the Treasury (Treasury) and the Chair of the Board of Governors of the Federal Reserve System (Federal Reserve) pursuant to section 211(c)(1) of the Economic Growth, Regulatory Relief, and Consumer Protection Act, Pub. L. No. 115-174, 132 Stat. 1296, 1317–18 (the Act). The Act directs the Secretary of the Treasury and the Chair of the Federal Reserve, or their designee, to submit an annual report to Congress on their efforts with the National Association of Insurance Commissioners (NAIC) “with respect to global insurance regulatory or supervisory forums.” Section 211(c)(1) of the Act terminates on December 31, 2024. The Act requires the report to include descriptions of

1. “the insurance regulatory or supervisory standard-setting issues under discussion at international standard-setting bodies”;
2. “the effects that proposals discussed at international insurance regulatory or supervisory forums of insurance could have on consumer and insurance markets in the United States”;
3. “any position taken by the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, and the Director of the Federal Insurance Office in international insurance discussions”;¹ and
4. “the efforts by the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, and the Director of the Federal Insurance Office to increase transparency at the Financial Stability Board with respect to insurance proposals and the International Association of Insurance Supervisors, including efforts to provide additional public access to working groups and committees of the International Association of Insurance Supervisors.”

This sixth annual report follows the same format as prior reports.² This report covers activities and developments during calendar year 2023. Specifically, the report begins, in the section “[Inter-](#)

¹ Title V of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) established the Federal Insurance Office (FIO) within Treasury. In addition to advising the Secretary of the Treasury on major domestic and prudential international insurance policy issues, FIO is authorized to monitor all aspects of the insurance industry, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance industry or the U.S. financial system, and coordinate federal efforts and develop federal policy on prudential aspects of international insurance matters, including representing the United States, as appropriate, in the International Association of Insurance Supervisors and assisting the Secretary in negotiating covered agreements, among other functions. See 31 U.S.C. § 313.

² Treasury and Federal Reserve, Engagement in Global Insurance Regulatory or Supervisory Forums in 2022 (Washington: Treasury and Federal Reserve, December 2023), <https://home.treasury.gov/system/files/311/global-insurance-forums-20231220.pdf>; Treasury and Federal Reserve, Engagement in Global Insurance Regulatory or Supervisory Forums in 2021 (Washington: Treasury and Federal Reserve, December 2022), https://home.treasury.gov/system/files/311/global-insurance-forums-20221228_0.pdf; Treasury and Federal Reserve, Engagement in Global Insurance Regulatory or Supervisory Forums in 2020 (Washington: Treasury and Federal Reserve, February 2022), <https://home.treasury.gov/system/files/311/global-insurance-forums-20220201.pdf>; Treasury and Federal Reserve, Report to the Congress: Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with respect to Global Insurance Regulatory or Supervisory Forums in 2019 (Washington: Treasury and Federal Reserve, December 2020), <https://home.treasury.gov/system/files/311/Treasury-FRB-Report-2020.pdf>; Treasury and Federal

[national Insurance Issues, Positions, and Effects](#),” by describing in general terms the efforts of the Federal Reserve and Treasury (specifically, the Federal Insurance Office or FIO) in global insurance regulatory and supervisory forums, including a short overview of the International Association of Insurance Supervisors (IAIS), the international insurance standard-setting body. It explains the IAIS’s structure, governance, and role in insurance supervision. This section also includes an overview of the Financial Stability Board (FSB), which coordinates among the different standard-setting bodies, and the Organisation for Economic Co-Operation and Development (OECD), which has a limited role in international insurance discussions.³

In the subsection [“IAIS Activities](#),” the report outlines key international insurance standard-setting initiatives in 2023, such as activities related to the work on the Insurance Capital Standard (ICS); the Aggregation Method (AM), including the related comparability assessment; the Holistic Framework for Systemic Risk in the Insurance Sector (Holistic Framework) and macroprudential work; climate-related financial risk; and other initiatives.

The report continues, in the section [“Transparency Efforts at the IAIS and the FSB](#),” by providing a summary of ongoing efforts by FIO and the Federal Reserve to increase transparency at the FSB and at the IAIS as well as coordination with the NAIC and the U.S. state and territory insurance regulators (together with FIO and the Federal Reserve, collectively referred to as Team USA).⁴ This section also provides an update on the Insurance Policy Advisory Committee (IPAC), which was established by the Act to advise the Federal Reserve on insurance issues.⁵ Additionally, it provides an update on the Federal Advisory Committee on Insurance (FACI), which provides non-binding advice and recommendations to FIO to assist it in carrying out its duties and authorities.⁶

The [“Conclusion](#)” of the report emphasizes that FIO and the Federal Reserve will continue to advocate for insurance regulatory and supervisory standards that are appropriate for the United States. Team USA members’ leadership and involvement in the IAIS and in other international forums, as discussed in this report, are intended to ensure that the United States continues to be able to influence international standards for insurance supervision and regulation. It remains important to

Reserve, *Report to the Congress: Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with respect to Global Insurance Regulatory or Supervisory Forums in 2018* (Washington: Treasury and Federal Reserve, September 2019), <https://www.federalreserve.gov/publications/files/Report-on-global-insurance-regulatory-or-supervisory-forums2019.pdf>.

³ Other international standard-setting bodies include the Basel Committee on Banking Supervision, which is the primary standard-setting body for the prudential regulation of banks, and the International Organization of Securities Commissions, which is the primary standard-setting body for the securities sector.

⁴ Treasury and Federal Reserve, *Report to the Congress: Efforts to Increase Transparency at Meetings of the International Association of Insurance Supervisors (2018) (Transparency Report)* (Washington: Treasury and Federal Reserve, November 2018), <https://www.federalreserve.gov/publications/files/report-on-efforts-to-increase-transparency-at-meetings-of-the-international-association-of-insurance-supervisors.pdf>.

⁵ See Act § 211(b) (establishing the Insurance Policy Advisory Committee), 31 U.S.C. § 313 note.

⁶ The FACI was formed in 2011 pursuant to 31 U.S.C. § 313(h).

recognize, however, that international standard-setting bodies, such as the IAIS, do not have the power to establish standards that would be binding in the United States. In the United States, no international insurance standards are operational unless implemented through the relevant state or federal legislative or administrative process, as appropriate.

International Insurance Issues, Positions, and Effects

The Act requires that this report include, among other things, a “description of the insurance regulatory or supervisory standard-setting issues under discussion at international standard setting bodies,” and a “description of any position taken” by the Secretary, the Federal Reserve, and the Director of FIO in international insurance discussions at global insurance regulatory or supervisory forums.⁷ As previously reported, in discussions at global insurance regulatory and supervisory forums, FIO and the Federal Reserve promote robust engagement to ensure that U.S. insurance stakeholders and the federal government are well represented.⁸ The Federal Reserve and FIO continue to advocate for positions in international insurance discussions to help ensure that international standards reflect the U.S. insurance regulatory regime, and that the U.S. insurance sector remains competitive internationally.

The Act also requires that this report describe “the effects that proposals discussed at international insurance regulatory or supervisory forums of insurance could have on U.S. consumers and insurance markets in the United States.”⁹ While certain IAIS standards remain under development, depending on how they are finalized, they could affect U.S. insurers operating in foreign markets, regardless of whether the standards are implemented in the United States.

In addition, the Act specifically requires that the Secretary of the Treasury, the Chair of the Federal Reserve, and the Director of FIO, in consultation with the NAIC, complete a study on, and submit to Congress a report on the results of the study, the impact on consumers and markets in the United States before supporting or consenting to the adoption of any final international insurance capital standard.¹⁰ In their international engagement on insurance issues, FIO and the Federal Reserve continue to coordinate closely with each other and with the other U.S. members of the IAIS.

⁷ See Act § 211(c)(1)(A)(i), (iii), 31 U.S.C. § 313 note.

⁸ See notes 2 and 4.

⁹ See Act § 211(c)(1)(A)(ii), 31 U.S.C. § 313 note.

¹⁰ Act § 211(c)(3)(A), 31 U.S.C. § 313 note. A report pursuant to this provision was submitted to Congress on November 13, 2024. See 89 Fed. Reg. 91,750 (November 20, 2024).

International Forums: the IAIS, the FSB, and the OECD

IAIS Overview

Established in 1994 and hosted by the Bank for International Settlements (BIS) in Basel, Switzerland, the IAIS is the international standard-setting body responsible for developing and assisting in the implementation of principles, standards, and other supporting material for supervision of the insurance sector. The IAIS also serves as a forum for members to exchange ideas and share experiences about insurance supervision and insurance markets. IAIS members include insurance supervisors and regulators from more than 200 jurisdictions, accounting for 97 percent of worldwide insurance premium volume.¹¹ Effective in 2022, Russia agreed to withdraw its engagement at the IAIS after being suspended from all BIS activities.¹²

The IAIS has stated that it is “a stand[ard]-setter, not a legislature. Members do not pass laws; through agreement, they recommend principles and standards and provide supervisory guidance. It is the prerogative of the appropriate sovereign authorities whether to implement IAIS core principles, standards or policies.”¹³

The IAIS operates through five key mechanisms: (1) the General Meeting, which ultimately oversees all matters before the IAIS; (2) the Executive Committee, which serves as the principal decision-making body of the IAIS; (3) the Policy Development Committee, which is responsible for standard-setting activities; (4) the Macroprudential Committee, which oversees the IAIS work on the Holistic Framework (i.e., financial stability issues); and (5) the Implementation and Assessment Committee, which is responsible for assessments and assistance in implementing IAIS principles, standards, and guidance.¹⁴ Outside of its standard-setting and policymaking activities, the IAIS has an Audit and Risk Committee, which monitors and evaluates its risk exposures, and a Budget Committee, which oversees its financial condition and management.¹⁵

Multiple working groups and task forces, focused on a range of prudential regulation and market supervision topics, report to these committees.¹⁶ All of the committees and subcommittees (“subcommittees” includes both IAIS working groups and IAIS task forces) are composed of and chaired

¹¹ See IAIS, *IAIS Year in Review 2023* (Basel: IAIS, April 2024), 7, <https://www.iaisweb.org/uploads/2024/04/IAIS-Year-in-Review-2023.pdf>.

¹² The access of the Central Bank of the Russian Federation to all BIS services, meetings and other BIS activities was suspended as of end-February 2022. See *BIS Annual Report 2021/2022* (Basel: BIS, June 2022), 44, <https://www.bis.org/about/areport/areport2022.pdf>.

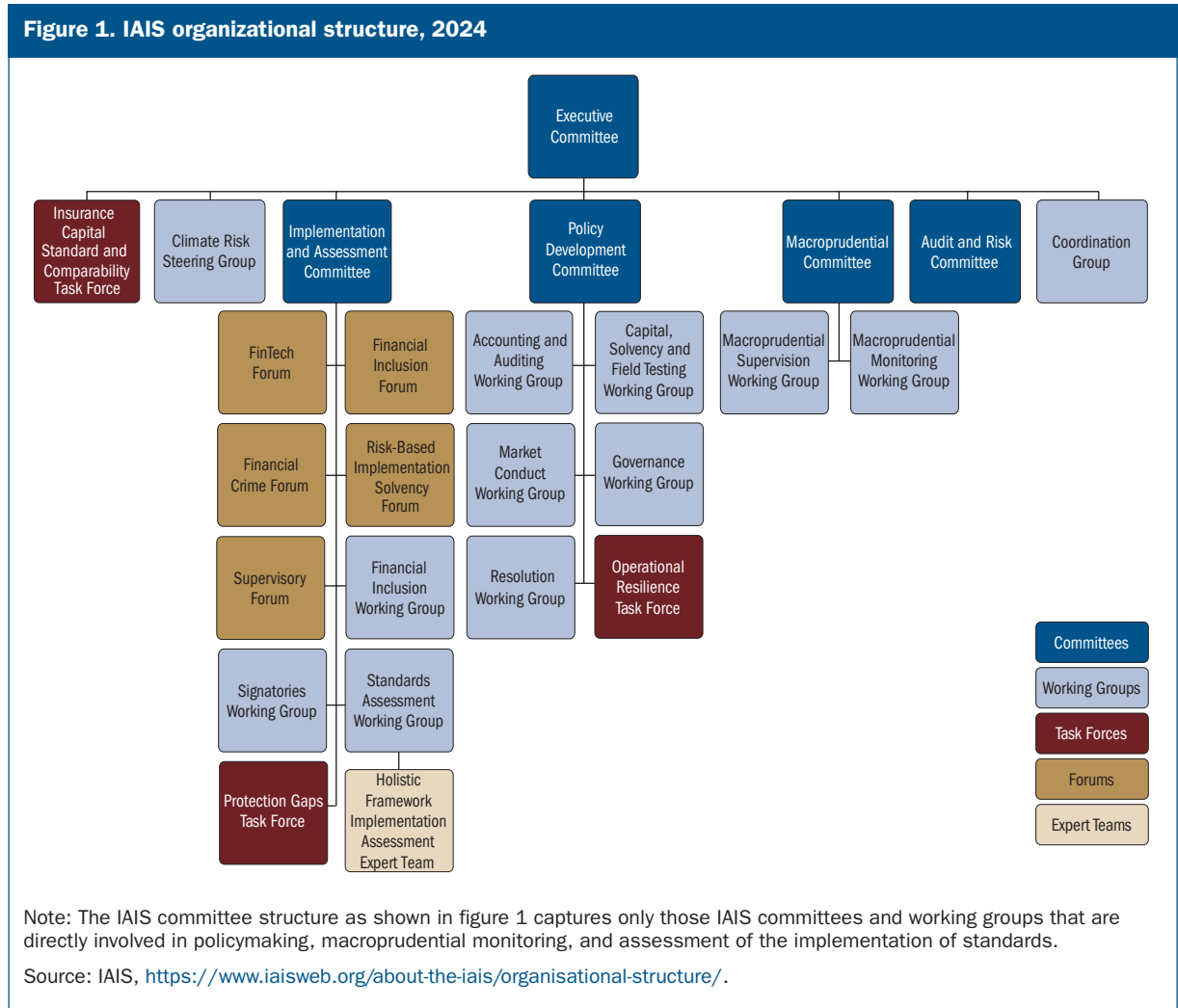
¹³ IAIS, *IAIS Annual Report 2017* (Basel: IAIS, November 2018), 10, <https://www.iaisweb.org/uploads/2022/01/181113-IAIS-AR-2017-Digital-PDF-Def-SP.pdf>.

¹⁴ See IAIS, “IAIS By-Laws,” <https://www.iaisweb.org/uploads/2022/01/181207-2018-By-Law-Amendments-8-November-2018.pdf>; IAIS, “Organisational Structure,” <https://www.iaisweb.org/about-the-iais/organisational-structure>.

¹⁵ IAIS, *IAIS Year in Review 2023* (Basel: IAIS, April 2024), 7, <https://www.iaisweb.org/uploads/2024/04/IAIS-Year-in-Review-2023.pdf>.

¹⁶ See also IAIS, *IAIS Year in Review 2023* (Basel: IAIS, April 2024), 57, <https://www.iaisweb.org/uploads/2024/04/IAIS-Year-in-Review-2023.pdf>.

by IAIS members. The IAIS operates with the support of a secretariat under the direction of a secretary general. Figure 1 illustrates the IAIS organizational structure in 2023 (excepting some administrative subcommittees). FIO, the Federal Reserve, and the states are represented on the IAIS Executive Committee.



In line with its 2020-24 Strategic Plan and Financial Outlook, the IAIS has increased its focus on assessing the implementation of standards and applying best practices as well as increasing its efforts to help its members understand the challenges posed by climate-related financial risks, cyber risk, shifting demographics, technological innovation, inclusiveness, and sustainable development.¹⁷

¹⁷ IAIS, *The IAIS Strategic Plan 2020-2024* (June 2019), <https://iaisweb.org/uploads/2022/01/190613-2020-2024-Strategic-Plan.pdf>.

FSB Overview

The G20 established the FSB in 2009 to promote international financial regulatory reform and financial stability, and tasked it with coordinating the work of national financial authorities and international standard-setting bodies, including the IAIS, “as they work toward developing strong regulatory, supervisory and other financial sector policies.”¹⁸ The FSB’s decisions are not legally binding on its members; the FSB “operates by moral suasion and peer pressure, in order to set internationally agreed policies and minimum standards that its members commit to implementing” in their jurisdictions through the relevant financial authorities.¹⁹

The FSB’s current membership consists of 71 institutions, with members from 24 jurisdictions and 13 international organizations and standard-setting bodies, including the IAIS.²⁰ Treasury, the Federal Reserve, and the Securities and Exchange Commission are the FSB’s U.S. members.²¹ Russian authorities have agreed not to participate in FSB meetings at present.

The FSB has created a compendium of standards that have been developed by various standard-setting bodies, including the IAIS. The compendium includes standards considered by the FSB to be “key for sound financial systems and deserving of priority implementation depending on country circumstances.”²² Included among these are standards that pertain to insurance, including the Insurance Core Principles, Standards, Guidance, and Assessment Methodology; the Key Attributes of Effective Resolution Regimes for Financial Institutions (discussed later in the “[FSB Cross-Border Resolution](#)” section); and the G20/OECD Principles of Corporate Governance.²³

OECD Overview

The OECD operates through more than 300 bodies (including committees, working parties, and advisory groups), supported by a secretariat.²⁴ Within this structure, insurance matters are addressed by the OECD Insurance and Private Pensions Committee (IPPC), which is the parent committee for the Working Party on Private Pensions (WPPP). The U.S. delegation to the OECD

¹⁸ Treasury and Federal Reserve, *Report to the Congress: Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with respect to Global Insurance Regulatory or Supervisory Forums in 2018*. (Washington: Treasury and Federal Reserve, September 2019), <https://www.federalreserve.gov/publications/files/Report-on-global-insurance-regulatory-or-supervisory-forums2019.pdf>. See also Treasury, *Insurance EO Report*, 57–59, 130; FSB, “History of the FSB,” <https://www.fsb.org/history-of-the-fsb/>; FSB, “About the FSB,” <https://www.fsb.org/about/>.

¹⁹ FSB, “About the FSB,” <https://www.fsb.org/about/>.

²⁰ FSB, “Members of the FSB,” <https://www.fsb.org/about/organisation-and-governance/members-of-the-financial-stability-board/>.

²¹ FSB, *FSB Annual Financial Report 1 April 2022–31 March 2023* (Basel: FSB, August 2023), 22, <https://www.fsb.org/wp-content/uploads/P300823-2.pdf>.

²² FSB, “The Compendium of Standards,” <http://www.fsb.org/work-of-the-fsb/about-the-compendium-of-standards/>.

²³ FSB, “Key Standards for Sound Financial Systems,” https://www.fsb.org/work-of-the-fsb/about-the-compendium-of-standards/key_standards/.

²⁴ OECD, “Organisational Structure,” <https://www.oecd.org/about/structure/>.

varies by committee. For the IPPC and WPPP, delegates from FIO, the U.S. Department of Commerce, and the U.S. Department of Labor, along with state insurance regulators, represent the views of the United States.

The OECD develops legal instruments to express policies that its membership has developed. Typically, these instruments are non-legally binding recommendations and declarations. The IPPC helped develop nine of the recommendations in-force as of December 31, 2023, as shown on table 1.

Recommendations	Date adopted
Good Design of Defined Contribution Pension Plans	Feb. 23, 2022
Financial Literacy	Oct. 29, 2020
Disaster Risk Financing Strategies	Feb. 23, 2017 (2023 amendment)
Core Principles of Private Pension Regulation	Sep. 27, 2016
Policy Framework for Effective and Efficient Financial Regulation	Nov. 26, 2009
Guidelines on Insurer Governance	Apr. 28, 2005
Establishment of a Check-List of Criteria to define Terrorism for the Purpose of Compensation	Dec. 9, 2004
Good Practices for Insurance Claim Management	Nov. 24, 2004
Common Classification of the Classes of Insurance Recognised by the Supervisory Authorities of the Member Countries	May 30, 1984
Source: OECD, "OECD Legal Instruments," https://legalinstruments.oecd.org/en/instruments?mode=advanced&committeelds=1651&dateType=adoption .	

In 2023, the IPPC recommended, and the OECD adopted, revisions to the OECD Recommendation on Disaster Risk Financing Strategies.²⁵ The IPPC also reviewed, and reported on, implementation of the OECD's Recommendation on Guidelines on Insurer Governance.²⁶

In 2023, the IPPC contributed to several OECD publications, including "Enhancing the Insurance Sector's Contribution to Climate Adaptation," "Leveraging Technology in Insurance to Enhance Risk Assessment and Policyholder Risk Reduction," and *Global Insurance Market Trends 2023*.²⁷

²⁵ OECD, "Recommendation of the Council on Building Financial Resilience to Disaster Risks," as amended on July 11, 2023, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0436>.

²⁶ OECD, *Report on the Implementation of the OECD Recommendation on Guidelines on Insurer Governance* (Paris: OECD, November 2023), [https://one.oecd.org/document/C\(2023\)168/en/pdf](https://one.oecd.org/document/C(2023)168/en/pdf).

²⁷ OECD, "Enhancing the Insurance Sector's Contribution to Climate Adaptation," OECD Business and Finance Policy Papers (2023), https://www.oecd.org/en/publications/enhancing-the-insurance-sector-s-contribution-to-climate-adaptation_0951dfcd-en.html; OECD, "Leveraging Technology in Insurance to Enhance Risk Assessment and Policyholder Risk Reduction," OECD Business and Finance Policy Papers (2023), https://www.oecd.org/en/publications/leveraging-technology-in-insurance-to-enhance-risk-assessment-and-policyholder-risk-reduction_2f5c18ac-en.html; and OECD, *Global Insurance Market Trends 2023* (Paris: OECD, December 2023), https://www.oecd.org/en/publications/global-insurance-market-trends-2023_e141d5ff-en.html.

Over the next few years, the IPPC is expected to continue to address issues relating to, among other things, insurance data and analysis, new risks and global shifts such as climate change, improving financial resilience to disaster risks, technology and digitalization, insurance consumer protection, and insurer regulation and supervision.²⁸ Because many of these issues relate to significant U.S. policy initiatives being led by Treasury, FIO plans to continue to take a leadership role on insurance matters at the OECD.

IAIS Activities

The key issues under discussion at the IAIS included those related to (1) the ICS; (2) the AM, including the related comparability assessment; (3) the Holistic Framework and macroprudential work; (4) climate-related financial risk; (5) implementation assessment activities; and (6) other IAIS initiatives. At the FSB, the key insurance issue related to cross-border resolution. Much of the work described below continues beyond 2023.

ICS

The IAIS developed the ICS, a risk-based global insurance capital standard for internationally active insurance groups (IAIGs). The ICS is the quantitative component of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame).²⁹ As a group-wide, consolidated approach, the ICS aims to provide a comparable measure of group solvency, facilitating a common understanding of IAIGs' capital adequacy, thereby promoting enhanced cooperation and coordination among supervisors around the world.

In 2023, the ICS was in a five-year monitoring period. The reference ICS or ICS Version 2.0, as adopted in 2019, marked the start of a period of design stability in 2020, with the purpose of allowing the IAIS to monitor its performance over a period of time. ICS results were not used as a basis for triggering supervisory action during this time but rather, the IAIS has been seeking feedback on the standard's effectiveness and practicality through annual confidential reporting and discussion in supervisory colleges.³⁰

The IAIS's ultimate goal is a single ICS that includes a common methodology through which the ICS would achieve comparable supervisory outcomes across jurisdictions. The IAIS achieved a significant milestone towards this goal in March 2023 by deciding on key features that would be consulted upon publicly. This public consultation introduced the Candidate ICS as a Prescribed Capital

²⁸ See OECD, "Insurance," <https://www.oecd.org/en/topics/insurance.html>.

²⁹ ComFrame, adopted in November 2019, establishes supervisory standards and guidance focusing on the effective groupwide supervision of IAIGs. IAIS, "Frequently Asked Questions: IAIS Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame)," <https://www.iaisweb.org/uploads/2022/01/191120-ComFrame-Frequently-Asked-Questions.pdf>.

³⁰ See IAIS, *Risk-Based Global Insurance Capital Standard Version 2.0 Public Consultation Document* (Basel: IAIS, July 2018), <https://www.iaisweb.org/uploads/2022/01/180731-ICS-Version-2.0-Public-Consultation-Documents.pdf>.

Requirement (“candidate ICS”). The candidate ICS included a number of important design improvements based on analysis undertaken during the monitoring period and input from stakeholders.³¹

In 2023, the U.S. members of the IAIS led efforts to enact changes in the design of the ICS to better reflect U.S. regulations and products as well as the operation of U.S. insurance markets. Changes that addressed shortcomings particularly relevant for U.S. life insurers included revisions to the Market-Adjusted Valuation (MAV) framework that are expected to help reduce excessive conservatism and non-economic volatility in the ICS. More specifically, MAV discounting under the candidate ICS incorporates a spread term structure adjustment that more closely reflects how investment spreads differ by maturity in the market.³² U.S. members also advocated for changes to the capital resources qualifying criteria that were meant to remedy unintended exclusions from ICS capital resources that were observed to be impacting U.S. insurers.³³

Advancing “other methods” as part of the framework to calculate the ICS capital requirement was also included as part of the candidate ICS. The inclusion of “other methods” would enable IAIGs to calculate their ICS required capital by leveraging results from supervisor-approved internal models as well as allow the application of supervisor-owned and controlled credit assessment (SOCCA) processes to their unrated exposures in calculating their credit risk charges under the ICS. The use of NAIC designations is an example of a SOCCA that could be recognized in the ICS. The IAIS also decided not to include an alternative valuation methodology, generally accepted accounting principles (GAAP) with adjustments (GAAP Plus), which had been under consideration. The IAIS determined that GAAP Plus would not be part of the candidate ICS in part because no jurisdictions were expected to implement it, but its inclusion could be considered in a future iteration of the ICS.

The IAIS incorporated its March 2023 decisions in a final ICS public consultation issued in June 2023, requesting stakeholder feedback on the Candidate ICS as a prescribed capital requirement (PCR) as well as providing questions related to its planned economic impact assessment of the ICS. Concurrently, the IAIS issued public consultations on Insurance Core Principle (ICP) 14 (Valuation) and ICP 17 (Capital Adequacy), soliciting stakeholder views on the revisions. The IAIS devoted much of the rest of the year to reviewing stakeholder feedback for consideration in enhancing the Candidate ICS.

In 2023, 41 insurance groups from around the world participated in the ICS reporting exercise, including six headquartered in the United States. While the ICS monitoring period is intended to

³¹ IAIS, *Public Consultation on Insurance Capital Standard as a Prescribed Capital Requirement* (Basel: IAIS, September 2023), <https://www.iaisweb.org/2023/06/public-consultation-on-insurance-capital-standard-as-a-prescribed-capital-requirement/>.

³² *Public Consultation on Insurance Capital Standard as a Prescribed Capital Requirement*.

³³ *Public Consultation on Insurance Capital Standard as a Prescribed Capital Requirement*.

be a period of stability where the overall structure of the reference ICS has remained unchanged, the period has also provided the IAIS with an opportunity to address major flaws or unintended consequences. To that end, IAIGs and other volunteer insurance groups reported their results under both the reference ICS and the Candidate ICS in 2023.

Aggregation Method/Comparability

In 2023, the United States, along with other interested jurisdictions, continued to develop the AM, which is built upon the regulatory standards of existing jurisdictional capital regimes. This development aimed for the AM to be considered an outcome-equivalent approach for implementation of the ICS as a PCR in the United States.

In March 2023, the IAIS finalized comparability assessment criteria that were to be used by the IAIS to determine whether the AM is comparable to the ICS. Data was collected from AM volunteer groups in 2023 to be used in the comparability assessment. The IAIS constituted an assessment team of qualified IAIS Secretariat staff that began analysis of this data in late September 2023. The assessment team was responsible for providing the technical analysis necessary for making a determination on comparability. The ICS Task Force, comprised of IAIS members from jurisdictions with internationally active insurance groups, was responsible for overseeing the assessment team and making a recommendation to the IAIS Executive Committee.³⁴

Holistic Framework and Macroprudential Work

In 2023, the IAIS continued its work on the Holistic Framework, which is an integrated set of supervisory materials, the Global Monitoring Exercise, and implementation assessment activities.³⁵ The Holistic Framework was endorsed by the FSB in late 2022 as a replacement for the identification of global systemically important insurers (G-SIIs). The FSB will use information collected through the Holistic Framework to inform its decisions regarding systemic risk in the insurance sector.³⁶

³⁴ In November 2024, the IAIS reached an agreement to approve the final version of the ICS and recognize the AM as a basis for the U.S. implementation of the ICS to produce comparable outcomes. The assessment highlighted some areas where work on the final AM will be addressed as part of implementation to help ensure convergence. See IAIS, “IAIS Executive Committee Approves Insurance Capital Standard for Adoption by IAIS Members and Concludes Aggregation Method Comparability Assessment,” press release, November 14, 2024, <https://www.iaisweb.org/2024/11/iais-executive-committee-approves-insurance-capital-standard-for-adoption-by-iais-members-and-concludes-aggregation-method-comparability-assessment/>. Final adoption of the ICS occurred at the Annual General Meeting of the IAIS on December 5, 2024. See IAIS, “IAIS Adopts Insurance Capital Standard and Other Enhancements to its Global Standards to Promote a Resilient Insurance Sector,” press release, December 5, 2024, <https://www.iaisweb.org/2024/12/iais-adopts-insurance-capital-standard-and-other-enhancements-to-its-global-standards-to-promote-a-resilient-insurance-sector/>.

³⁵ See IAIS, “Holistic Framework,” <https://www.iaisweb.org/activities-topics/financial-stability/holistic-framework/>.

³⁶ See FSB, “The FSB Endorses an Improved Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector and Discontinues Annual Identification of Global Systemically Important Insurers (G-SIIs),” news release, December 9, 2022, <https://www.fsb.org/2022/12/the-fsb-endorses-an-improved-framework-for-the-assessment-and-mitigation-of-systemic-risk-in-the-insurance-sector-and-discontinues-annual-identification-of-global-systemically-important-insurers>.

In 2023, the IAIS completed its annual Global Monitoring Exercise, a risk assessment framework to monitor key risks and trends and to detect the potential build-up of systemic risk in the global insurance sector. The IAIS held a collective discussion on several insurers and two sector-wide macroprudential themes: (1) interest rate, liquidity, and credit risks in a challenging macroeconomic environment; and (2) structural shifts in the life insurance sector, including the involvement of private equity.

Findings from the 2023 Global Monitoring Exercise were published in the *Global Insurance Market Report*.³⁷ The report indicated that capital adequacy of insurers declined slightly, primarily due to asset valuations, but remained sound. The results also showed that systemic risk scores decreased, primarily due to lower exposures to financial guarantees on certain insurance products and decreases in short-term funding and assets owned by other financial institutions. In addition, the report included a section on climate-related risks and concluded that insurers face both asset risk and expected higher claims costs due to climate change.

Also in 2023, the IAIS published a report on the Targeted Jurisdictional Assessment of the Implementation of the Holistic Framework Supervisory Material.³⁸ The report indicated that, while some areas for improvement exist, the assessed jurisdictions demonstrated strong observance of the Holistic Framework standards. The report also indicated certain areas, such as recovery and resolution, where the IAIS should consider amending its standards. The IAIS initiated work to consider amending certain standards in 2023.

Climate-Related Financial Risk

During 2023, the IAIS continued work on climate-related financial risks by developing educational material on climate risk scenario analysis and supervisory practice material on climate related risks. The IAIS published two public consultations during 2023. The first consultation discussed whether it is necessary to make changes to its guidance on governance, risk management and internal controls, and proposed changes to the ICP's Introduction to indicate that climate-related risk is not a standalone risk but instead impacts other risk drivers. The second consultation provided education material on climate risk scenario analysis and discusses climate risk market conduct issues in insurance. The Federal Reserve and FIO advocated for IAIS's climate-related financial risk work to align with their respective mandates.

³⁷ See IAIS, *Global Insurance Market Report* (Basel: IAIS, December 2023), <https://www.iaisweb.org/uploads/2023/12/Global-Insurance-Market-Report-2023.pdf>.

³⁸ See IAIS, "Report on the Targeted Jurisdictional Assessment of the Implementation of the Holistic Framework Supervisory Material" (Basel: IAIS, April 2023), <https://www.iaisweb.org/uploads/2023/04/Report-on-the-TJA-of-the-Implementation-of-the-HF-Supervisory-Material.pdf>.

Other IAIS Initiatives

Cyber Risk and Operational Resilience

In April 2023, the IAIS published a *Global Insurance Market Report* special topic edition that provided an analysis of the risks and trends associated with cyber insurance coverage, cyber resilience in the insurance sector, and the impact these risks may have on financial stability.³⁹ The report found that cyber risk underwriting of insurers in the sample currently does not pose a threat to financial stability. The report also indicated growth in cyber risk insurance and that supervisors are actively developing and implementing macroprudential supervision frameworks for cyber risks.

Due to a recognition that more work was needed on this important and increasing risk, the IAIS converted the Operational Resilience Task Force into a working group, which is a group that has been delegated a more complex mandate, such as tasks that have a longer or no specified timeframe.⁴⁰

Transition to Risk-Based Solvency Regimes

In 2023, the IAIS continued the development of a practical guidance document on the transition to a risk-based solvency regime for emerging markets and developing economy jurisdictions.⁴¹ These efforts were supported by close collaboration with IAIS implementation partners and a member forum where strategies and practices were exchanged and discussed.

Assessment Activities

The IAIS published multiple reports summarizing the assessment of members' implementation efforts for a variety of IAIS standards and launched new assessments of members' implementation of standards related to enterprise risk management. In an effort to increase the association's capacity to assess members' implementation of standards, the IAIS conducted held an assessor training bootcamp event in October 2023.

Financial Crime Forum

The Financial Crime Forum serves as a platform for experts to discuss and share insights related to countering financial crimes, such as money laundering, terrorist financing, proliferation financing, and insurance fraud. The Forum's goal is to enhance understanding and insight into the

³⁹ IAIS, *Global Insurance Market Report (GIMAR)* (Basel: IAIS, April 2023), <https://www.iaisweb.org/uploads/2023/04/GIMAR-2023-special-topic-edition-on-cyber.pdf>.

⁴⁰ IAIS, "Newsletter from the Secretary General," November 2023, Issue 127, <https://www.iaisweb.org/uploads/2023/11/IAIS-Newsletter-November-2023.pdf>.

⁴¹ IAIS, *IAIS Year in Review 2023* (Basel: IAIS, April 2024), <https://www.iaisweb.org/uploads/2024/04/IAIS-Year-in-Review-2023.pdf>.

impact of financial crime on insurance supervision. During 2023, the Forum held virtual meetings addressing various focal points, including greenwashing, countering ransomware financing, anti-money laundering, combating the financing of terrorism, financial inclusion, and jurisdictional updates relevant to financial crime topics.⁴² In continuation of last year's activities, the Forum closely monitored activities of the Financial Action Task Force.

Diversity, Equity, and Inclusion

In February 2023, the IAIS hosted a virtual stakeholder session to present an overview of its IAIS diversity, equity, and inclusion (DEI) activities and solicit stakeholder input on potential future DEI work.⁴³ During 2023, the IAIS launched projects to develop two DEI-related application papers pertaining to (1) ICP 19 and how expectations for fair treatment of customers can be implemented for the fairer treatment of, and better outcomes for diverse consumers; and (2) ICPs 7 and 8 and how DEI considerations within an insurer's institution affect the insurer's governance, risk management, and corporate culture.

Protection Gaps Task Force

In April 2023, the IAIS published a statement acknowledging the challenges faced by jurisdictions subject to intensifying natural catastrophes and the shared efforts needed from both the insurance industry and supervisors to address the protection gaps—the uninsured portion of economic losses caused by natural disasters.⁴⁴ Building off its earlier statement, the IAIS published a report in November, which emphasized that insurance supervisors play a crucial role in narrowing natural catastrophe protection gaps.⁴⁵ The report outlined five significant areas where supervisors can contribute to addressing these gaps: (1) assessing insurance protection gaps; (2) improving consumer financial literacy and risk awareness; (3) incentivizing risk prevention and reduction of insured losses; (4) creating an enabling regulatory and supervisory environment to support availability of insurance and uptake of coverage; and (5) advising government and industry, including on the design and implementation of public-private partnerships or insurance schemes.

⁴² IAIS, "Newsletter from the Secretary General," July/August 2023, Issue 124, <https://www.iaisweb.org/uploads/2023/08/IAIS-Newsletter-July-August-2023.pdf>.

⁴³ "Stakeholder Session on the IAIS' Work on Diversity, Equity and Inclusion (DEI) in the Insurance Industry," IAIS, January 12, 2023, <https://www.iaisweb.org/2023/01/stakeholder-session-on-the-iais-work-on-diversity-equity-and-inclusion-dei-in-the-insurance-industry/>.

⁴⁴ IAIS Statement, "The Role of Insurance Supervisors in Addressing Natural Catastrophe Protection Gaps," April 28, 2023, <https://www.iaisweb.org/uploads/2023/04/IAIS-statement-on-natural-catastrophe-protection-gap-2023.pdf>.

⁴⁵ IAIS, *A Call to Action: The Role of Insurance Supervisors in Addressing Natural Catastrophe Protection Gaps* (Basel: IAIS, November 2023), <https://www.iaisweb.org/uploads/2023/11/IAIS-Report-A-call-to-action-the-role-of-insurance-supervisors-in-addressing-natural-catastrophe-protection-gaps.pdf>.

Access to Insurance

The IAIS's key implementation partner for inclusive insurance is the Access to Insurance Initiative (A2ii). In March 2023, the A2ii and the United Nations Capital Development Fund (UNCDF) signed an agreement to promote access to insurance and to provide training for insurance supervisors and other industry stakeholders.⁴⁶ Throughout 2023, the A2ii engaged in numerous capacity-building and information-sharing activities, including multiple DEI-related events⁴⁷ and a joint A2ii-IAIS public dialogue on climate change and catastrophe risk modelling.⁴⁸ In September 2023, A2ii published its final report pertaining to the second Inclusive Insurance Innovation Lab, which aimed to increase insurance uptake amongst vulnerable people and businesses through non-traditional approaches.⁴⁹

IAIS Resolution Working Group

As a result of the Targeted Jurisdictional Assessment, the IAIS initiated work on determining which insurers should have resolution plans and clarifying language in its recovery and resolution ICP, aiming to release a public consultation on the issue. In December 2023, the IAIS published an *Issues Paper on Roles and Functioning of Policyholder Protection Schemes (PPSs)*.⁵⁰ This paper was published as an update to the *Issues Paper on Policyholder Protection Schemes* published in 2014.⁵¹ This Issue Paper updates IAIS supervisory materials on resolution and provides best practices guidance on the functioning of a PPS. These best practices were collected in a survey of IAIS Resolution Working Group member jurisdictions. The goal of the update was to provide guidance to jurisdictions that want to either establish a new PPS or make enhancements to an existing one.

FSB Cross-Border Resolution

The FSB oversees some insurance resolution-planning work through the CrossBorder Crisis Management Group for Insurers (iCBCM).⁵² Both FIO and the Federal Reserve are members of the iCBCM.

⁴⁶ A2ii, "UNCDF and the Access to Insurance Initiative to Drive Access to Migrant Insurance and Pension, Including Climate Disaster Risk Insurance," news release, March 2023, <https://a2ii.org/en/news/uncdf-and-the-access-to-insurance-initiative-to-drive-access-to-migrant-insurance-and-pension-including-climate-disaster-risk-insurance>.

⁴⁷ IAIS, *IAIS Year in Review 2023* (Basel: IAIS, April 2024), <https://www.iaisweb.org/uploads/2024/04/IAIS-Year-in-Review-2023.pdf>.

⁴⁸ A2ii, "A2ii-IAIS Public Dialogue on Climate Change and Data," September 2023, <https://www.a2ii.org/en/event/public-dialogues/a2iiiais-public-dialogue-on-data>.

⁴⁹ A2ii, "Second Inclusive Insurance Innovation Lab 2020-2021 Final Report," news release, September 2023, <https://a2ii.org/en/news/second-inclusive-insurance-innovation-lab-20202021-final-report>.

⁵⁰ IAIS, *Issues Paper on Roles and Functioning of Policyholder Protection Schemes* (Basel: IAIS, December 2023), <https://www.iaisweb.org/uploads/2023/12/Issues-Paper-on-roles-and-functioning-of-policyholder-protection-schemes-PPSs.pdf>.

⁵¹ IAIS, *Issues Paper on Policyholder Protection Schemes* (Basel: IAIS, November 2014), https://www.iaisweb.org/uploads/2022/01/Issues_paper_on_policyholder_protection_schemes.pdf.

⁵² *Engagement in Global Insurance Regulatory or Supervisory Forums in 2020*.

In November 2023, the FSB, through its iCBCM published a *Practices Paper on Identification of Critical Functions of Insurers*.⁵³ The paper describes and discusses the approaches that four jurisdictions utilize to identify insurers with critical functions.⁵⁴ The paper also describes the main critical functions identified in each jurisdiction and the important considerations that supported the identification of these functions.

In December 2023, the FSB issued its 12th report on the implementation of resolution reforms (2023 *Resolution Report*).⁵⁵ The report noted mixed progress on resolution planning for insurers and additional progress on implementation of the Key Attributes for Insurers (Key Attributes).⁵⁶ The FSB elected not to publish the list of insurers subject to resolution planning standards in the 2023 *Resolution Report* due to the inability of several jurisdictions to provide the necessary information for a comprehensive list.⁵⁷ The FSB indicated that it intends to publish the list and would act to improve the reporting in 2024.

The FSB retains the right to publicly express its views on the propriety and sufficiency of the scope of those insurers subject to the Key Attributes requirements, based on whether an insurer could be systemically significant or critical if it fails. The FSB also noted that it intends to develop further guidance about approaches to determining the scope of application of the Key Attributes by jurisdiction. The IAIS will provide input into the resolvability monitoring and the annual public reporting previously described. In November 2025, the FSB will also review its experiences with the process of assessing and mitigating systemic risk based on the Holistic Framework. In light of this review, the FSB, in consultation with the IAIS, may decide to adjust its process, including among other alternatives the possibility to reinstate an updated G-SII identification process if deemed necessary.⁵⁸

⁵³ FSB, *Identification of Critical Functions of Insurers: Practices Paper* (Basel: FSB, November 2023), <https://www.fsb.org/2023/11/identification-of-critical-functions-of-insurers-practices-paper/>.

⁵⁴ The four jurisdictions were Australia, China, France, and the Netherlands.

⁵⁵ FSB, *FSB 2023 Resolution Report: Applying Lessons Learnt* (Basel: FSB, December 2023), <https://www.fsb.org/uploads/P151223.pdf>.

⁵⁶ FSB, *Key Attributes of Effective Resolution Regimes for Financial Institutions* (Basel: FSB, October 2014), https://www.fsb.org/wp-content/uploads/r_141015.pdf.

⁵⁷ As part of its decision to discontinue the identification of global systemically important insurers (G-SIIs), the FSB decided to include a jurisdictionally self-reported list of insurers (self-reported by member jurisdictions) that are subject to the resolution planning standards of the Key Attributes in its 2023 *Resolution Report*.

⁵⁸ FSB, "The FSB Endorses an Improved Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector and Discontinues the Annual Identification of Global Systemically Important Insurers (G-SIIs)," news release, December 9, 2022, <https://www.fsb.org/2022/12/the-fsb-endorses-an-improved-framework-for-the-assessment-and-mitigation-of-systemic-risk-in-the-insurance-sector-and-discontinues-annual-identification-of-global-systemically-important-insurers/>.

Transparency Efforts at the IAIS and the FSB

FIO and the Federal Reserve continue to promote increased transparency at the IAIS and the FSB, including as described in this section. In addition, FIO promotes transparency by engaging with stakeholders through the FACI, which provides non-binding advice and recommendations to FIO. For example, at each FACI meeting, the FIO director typically delivers a public update on both the domestic and international activities of FIO.⁵⁹ The Federal Reserve performs a similar function through the IPAC.

IAIS Transparency Efforts

Consistent with its bylaws, during 2023 the IAIS continued to “operate in an open and transparent manner.”⁶⁰ The approach taken is consistent with what was outlined in the 2017 IAIS Stakeholder Engagement Plan⁶¹ including, ensuring stakeholder and general public engagement opportunities through a wide range of consultation opportunities and other events, such as its annual conference, which is open to all stakeholders and the general public.⁶²

In particular, in 2023 the IAIS continued to publicly engage concerning the work under development by its committees and subcommittees through publications and consultations, providing stakeholders and the general public with opportunities to receive updates, provide comments, and share input regarding IAIS committee and subcommittee work.

In general, public consultation in connection with development of IAIS supervisory and supporting materials during this period consisted, at a minimum, of the following components:⁶³

- One or more public consultation sessions providing background on the project and the specific issues for which the IAIS was seeking targeted input.
- Publication of comments received through the public consultation process, noting the resolution of or response to them after consideration by the relevant working group or committee.

⁵⁹ Additional information regarding FACI, including links to videos of past meetings, is available on FIO’s website at <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/federal-insurance-office/federal-advisory-committee-on-insurance-faci>.

⁶⁰ See “IAIS By-Laws,” Art. 2(3), <https://www.iaisweb.org/uploads/2022/01/181207-2018-By-Law-Amendments-8-November-2018.pdf>.

⁶¹ IAIS, *IAIS Annual Report 2017* (referencing the “commitments contained in the IAIS Stakeholder Engagement Plan”), 10, <https://www.iaisweb.org/uploads/2022/01/181113-IAIS-AR-2017-Digital-PDF-Def-DR.pdf>.

⁶² IAIS, *Stakeholder Engagement Plan* (November 2023), section 5.

⁶³ IAIS, “Consultations,” <https://www.iaisweb.org/consultations/>.

- One or more public discussion sessions at which the outcome(s) of the public consultation(s) were presented.

Team USA continued to be engaged in all IAIS workstreams during 2023, with members thereof chairing many of them. Team USA members have advocated and will continue to advocate for transparency by the IAIS and will continue consulting among themselves and with U.S. stakeholders in support of such efforts. [Table 2](#) summarizes the IAIS public consultations and other stakeholder engagement opportunities that occurred during 2023.

As noted in table 2, between June and August 2023, the IAIS commenced a consultation on a new “Stakeholder Engagement and Consultation Policy.” Following consideration of comments, the IAIS adopted a final policy that consolidates and replaces its previous Stakeholder Engagement Plan and policy for Consultation of Stakeholders.⁶⁴ The new SECP is “focused on ensuring that the IAIS can engage with a diverse range of stakeholders, that have equal access to the IAIS and that conflicts of interest are avoided.”⁶⁵ The SECP clarifies some aspects of the prior engagement plans and is reflective of the IAIS Environmental Policy, which moves to fewer in-person meetings among other things.⁶⁶

Under the SECP, the IAIS has established that engagement with stakeholders is driven by four principles:⁶⁷

- **Diversity, equity, and inclusion.** For example, enhancing opportunities for engagement with consumers, emerging markets and developing economies, and underserved and unrepresented segments of society.
- **Transparency.** For example, through publication on a quarterly basis of a list detailing stakeholder meetings and topics discussed, and publication of an annual plan for engagement and an annual assessment of how this was achieved in practice.
- **Equal access.** For example, by tailoring engagements through virtual meetings and other means to ensure access for those groups that wish to engage but that have limited resources to do so.
- **Avoid conflicts.** The IAIS has renewed a commitment to avoid conflicts of interest in respect of engagement with stakeholders.

⁶⁴ IAIS, “Stakeholder Engagement,” <https://www.iaisweb.org/about-the-iais/stakeholder-engagement/>.

⁶⁵ IAIS, “Public consultation on an updated Stakeholder Engagement and Consultation Policy,” <https://www.iaisweb.org/2023/06/public-consultation-on-a-new-stakeholder-engagement-and-consultation-policy/>.

⁶⁶ “Public consultation on an updated Stakeholder Engagement and Consultation Policy.”

⁶⁷ IAIS, “Stakeholder Engagement and Consultation Policy, Draft for Public Consultation,” June 2023, <https://www.iaisweb.org/uploads/2023/06/Draft-Stakeholder-Engagement-and-Consultation-Policy-SECP.pdf>.

Table 2. IAIS stakeholder consultations, meetings, and other public events in 2023	
Date	Consultations and meetings
January 10, 2023	Webinar on public consultation of the review of the IIM assessment methodology and publication of the liquidity metrics
January 12, 2023	Stakeholder session on IAIS work on diversity, equity and inclusion in the insurance industry
January 18, 2023	Public Consultation on Issues Paper on Insurance Sector Operational Resilience
January 23, 2023	ICS Economic Impact Assessment – Virtual Stakeholder meeting questions
January 27, 2023	Virtual stakeholder event on the Economic Impact Assessment of the ICS
February 9, 2023	Stakeholder session on the IAIS work on diversity, equity and inclusion in the insurance industry
February 13, 2023	Public Consultation on Issues Paper on roles and functioning of policyholder protection schemes
February 16, 2023	Post-event information – Stakeholder session on IAIS work on DEI
March 1, 2023	Public background session on Issues Paper on roles and functioning of Policyholder Protection Schemes
March 9, 2023	Compiled Comments on the AM Comparability Assessment Criteria Public Consultation Summary and Resolution of Comments on Draft Aggregation Method Comparability Assessment Criteria Explanatory note on the final criteria for the Aggregation Method Comparability Assessment Final Aggregation Method Comparability Assessment Criteria
March 16, 2023	Public consultation on climate risk supervisory guidance – part one
March 29, 2023	Public background session on the Public Consultation on Climate risk supervisory guidance
May 11, 2023	Accounting and Auditing Working Group Virtual Meeting to Receive stakeholder input
May 23, 2023	Publication of Issues Paper on Insurance Sector Operational Resilience
May 31, 2023	Public discussion session on Issues Paper on Insurance Sector Operational Resilience
June 15–June 16, 2023	IAIS Global Seminar (Seattle, WA) including <ul style="list-style-type: none"> · IAIS Executive Committee dialogue · Seminar – InsurTech impact on market conduct & Insurance market development · Seminar – Integrating climate risk into supervisory practices · Seminar – Impact of emerging global economic risks on insurance sector · Panel discussion – IAIS priorities for 2025 and beyond (two parts) · Panel discussion – Natural catastrophe protection gaps · Panel discussion – ICS, finalizing the global solvency standard
June 21, 2023	Public consultation on updated Stakeholder Engagement and Consultation Policy (SECP)
June 23, 2023	Public consultation on Insurance Capital Standard as a Prescribed Capital Requirement (PCR) Public consultation on ICP 14 (Valuation) and ICP 17 (Capital Adequacy)
June 29, 2023	ICS as a PCR, ICP 14 (Valuation) and ICP 17 (Capital Adequacy) consultations public background call Resolution of comments from public consultation on review of IIM assessment methodology
July 5, 2023	Public discussion session on Stakeholder Engagement and Consultation Policy
November 8– November 10, 2023	Annual Conference (Tokyo, Japan) including <ul style="list-style-type: none"> · IAIS Executive Committee Town Hall · Panel discussion – Supervisor role in addressing natural catastrophe protection gaps · Panel discussion – Evolving risks in the global insurance sector · Panel discussion – Embedding customer-centric outcomes in the insurance sector · Panel discussion – Data transparency & disclosure practices with respect to climate risk · Panel discussion – Updates on the Insurance Capital Standard
November 17, 2023	Session replays of 2023 Annual Conference posted
November 23, 2023	Public consultation of climate risk supervisory guidance – market conduct and scenario analysis
November 27, 2023	Publication of IAIS updated policy for engaging with stakeholders (SECP)
December 14, 2023	Publication of Issues Paper on roles and functioning of policyholder protection schemes (PPS)
December 12, 2023	Public background session on the second public consultation on climate risk supervisory guidance
December 13 2023	Public webinar on Stakeholder Engagement and Consultation Policy (SECP)
Source: IAIS, “Stakeholder Events,” https://www.iaisweb.org/news-and-events/stakeholder-events/ ; Closed Consultations,” https://www.iaisweb.org/consultations/ ; and “Meeting and Events Calendar,” https://www.iaisweb.org/news-and-events/ .	

The new SECP was published on November 27, 2023, governing the IAIS approach to engagement and transparency going forward.⁶⁸ This policy is consistent with the requirements under IAIS bylaws for operation in an “open and transparent manner” and to “consult publicly” with stakeholders,⁶⁹ and establishes ambitious and forward-looking goals and expectations for stakeholder engagement, including with respect to its Strategic Plan, Roadmap, meetings, and digital communication.⁷⁰

The SECP recognizes the value of engagement regarding identifying, assessing, and responding to evolving risks in the insurance sector and regarding informing development of supervisory and supporting material.⁷¹ It describes in detail the consultation processes regarding the development and approval of supervisory and supporting material as well as framework material.⁷²

For supervisory and supporting material, which encompasses the core standard-setting work of the IAIS (i.e., ICPs and ComFrame) and supporting guidance (i.e., Issues Papers and Application Papers), the SECP establishes specific engagement commitments and responsibilities that apply before the start of the project, at the point of initial discussion and development of the material, prior to seeking adoption of the material, and following final adoption, as follows:⁷³

- **Before start of the project:** The IAIS Roadmap will describe all projects, including their scope and objectives, identify the reasons that the IAIS is pursuing the project and the issues it is intended to address, including perspective on how the project fits into broader IAIS activities, outline the workplan and responsible (sub)committees, provide timelines, and describe deliverables, and opportunities for formal input.
- **Initial discussions and development of the material:** When the initial discussions are taking place at the (sub)committee level about the development of new or substantially revised material, the (sub)committee will engage with stakeholders through a stakeholder engagement webinar or other means, and in the case of a significant project the IAIS will consider whether a public session should be organized to gather feedback on specific issues relevant to the work.
- **Prior to seeking adoption:** There will be at least one public consultation prior to adoption of the material, and generally the consultation period will be at least 60 calendar days, but a longer period may be appropriate in view of the scope and complexity of the material. Comments shall be made publicly available unless the submitting party requests otherwise. The IAIS will organize a public background session when commencing a public consultation, generally conducted as a webinar with a publicly available recording to follow. Among other things, the background session will describe the specific issues on which the IAIS is seeking input and will respond to

⁶⁸ “Stakeholder Engagement and Consultation Policy.”

⁶⁹ “IAIS By-Laws,” Art. 2(3).

⁷⁰ “Stakeholder Engagement and Consultation Policy.”

⁷¹ “Stakeholder Engagement and Consultation Policy.”

⁷² “Stakeholder Engagement and Consultation Policy.”

⁷³ “Stakeholder Engagement and Consultation Policy.”

initial stakeholder questions. In some cases, there will be subsequent consultations, subject to the same procedures.

- **Following adoption:** Following formal approval via IAIS internal procedures, materials that are finally adopted will be posted on the IAIS website, along with a document addressing the resolution of all comments, and a public discussion session will generally be organized to discuss the resolution of comments and to seek and consider feedback on completed work and future work planned.

Adoption and implementation of the SECP is a laudable accomplishment that should enhance transparency of IAIS work and opportunities for meaningful stakeholder engagement in that work.

FSB Transparency Efforts

Treasury and the Federal Reserve have worked to increase transparency at the FSB, which is partly reflected in the FSB publishing its annual work program. This was first published in 2019 when a former Federal Reserve Governor served as the FSB Chair. The FSB has also increased its outreach to provide an effective dialogue with the FSB's stakeholders.

The Federal Reserve and Treasury also have advocated for increased transparency on IAIS matters at the FSB. This includes engagement by the Federal Reserve and Treasury at both the IAIS and FSB in support of a public consultation as part of the FSB's 2022 review of the G-SII designation process.

Federal Advisory Committee on Insurance

FIO receives non-binding advice and recommendations from FACI, which includes a cross-section of members who represent the views of state and non-government persons having an interest in FIO's duties and authorities, including state insurance regulators, industry experts, and consumer advocates. During four FACI meetings in 2023, members were briefed and provided feedback on a number of global insurance issues, including developments at the IAIS with respect to the ICS, and on the AM comparability assessment. The FACI International Subcommittee also provided feedback on FIO's response to the annual IAIS survey.

Insurance Policy Advisory Committee

In 2023, the IPAC, which was established by Congress in 2018 through the Act, advised the Federal Reserve primarily on insurance capital standards.⁷⁴ The IPAC provided the Federal Reserve with a response to an IAIS public consultation on the Insurance Capital Standard as a Prescribed

⁷⁴ See Act § 211(b), 31 U.S.C. § 313 note (establishing the Insurance Policy Advisory Committee).

Capital Requirement that outlined several areas considered to be fatal flaws in the design of the standard.⁷⁵ The IPAC also initiated work on educational material related to climate-related risk that describes the market structure and state insurance regulatory framework for the homeowners' insurance sector in several states.

The Federal Reserve also solicited applications for seven IPAC members.⁷⁶ The Act provides that the IPAC shall be composed of not more than 21 members, "all of whom represent a diverse set of expert perspectives from the various sectors of the United States insurance industry, including life insurance, property and casualty insurance and reinsurance, agents and brokers, academics, consumer advocates, or experts on issues facing underserved insurance communities and consumers."⁷⁷ In 2023, the Federal Reserve reappointed three of the IPAC members and appointed four new IPAC members for three-year terms commencing in January 2024.⁷⁸ The Federal Reserve continues to build a diverse IPAC membership.

⁷⁵ IAIS, *Insurance Capital Standard as a Prescribed Capital Requirement* (June 23, 2023), <https://www.iaisweb.org/uploads/2023/06/ICS-as-a-PCR-Public-consultation-document.pdf>.

⁷⁶ Solicitation of Statements of Interest for Membership on the Insurance Policy Advisory Committee, 88 Fed. Reg. 57,112 (August 22, 2023).

⁷⁷ Act § 211(b)(2), 31 U.S.C. § 313 note.

⁷⁸ Federal Reserve, "Federal Reserve Board Announces members of its Insurance Policy Advisory Committee," news release, December 15, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/other20231215b.htm>.

Conclusion

In 2023, Treasury and the Federal Reserve—in coordination with other Team USA members—continued to advocate for the development of international insurance standards that are appropriate for the United States. Treasury and the Federal Reserve will continue to strengthen their engagement in the work of the IAIS, FSB, and OECD, including, but not limited to, the ICS, the AM comparability assessment, and implementation of the IAIS's Holistic Framework. In addition, Treasury and the Federal Reserve will continue their efforts to increase transparency at the IAIS and the other relevant standard-setting bodies.



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