



Update on the International Association of Insurance Supervisors: Federal Insurance Office

**Federal Advisory Committee on Insurance
June 2, 2022**

Insurance Capital Standard (ICS) Monitoring

Period: Update



- The ICS entered the third year of the monitoring period in 2022, with the release of the ICS confidential reporting package in April 2022. Additionally, the IAIS is collecting supplementary data in 2022 for life and non-life risks in order to review the appropriateness of the current ICS calibrations.
- Volunteer workshops for the ICS and the Aggregation Method (AM) were held in Basel on May 16 -17 to launch the 2022 data collection exercises. For the 2022 ICS confidential reporting package, the IAIS is supplementing the reference ICS data with additional reporting aimed at further informing the market-adjusted valuation methodology.
- In 2021, 42 volunteers around the world participated in ICS confidential reporting compared to 39 in 2020. Of those totals, 13 engaged in both the ICS and the AM in 2021 relative to 10 in 2020.
- Over the last two years, the IAIS has also made progress in its work to determine whether a differentiated capital treatment under the ICS is appropriate for infrastructure and strategic equity investments.
- The IAIS plans to issue a public consultation in Q3 2023, requesting feedback on the design of the ICS as a prescribed capital requirement (PCR), the inclusion of GAAP Plus as an alternative valuation methodology, and criteria for evaluating other methods of calculating the ICS capital requirement.

AM Comparability Assessment: Update



Status

- The AM data collection was released in April 2022, including the collection of potential data for use in the comparability assessment. Twenty volunteers participated in the AM data collection in 2021 compared to 18 in 2020.
- The set of draft criteria for public consultation as well as the IAIS governance process for conducting the comparability assessment are planned for review and approval at the June parent committee meetings in Croatia.

Background on the Comparability Assessment

- The IAIS aims to be in a position by the end of the monitoring period to assess whether the AM provides comparable (i.e., substantially the same) outcomes to the ICS. If so, the AM will be considered an outcome-equivalent approach for implementation of the ICS as a PCR.
- In May 2021, the IAIS published the final definition of comparable outcomes and high-level principles, governing the development of the criteria that will be used in the comparability assessment.
- The AM comparability assessment is scheduled to take place in Q3 2023 concurrently with the public consultation of the ICS as a PCR.
- FIO continues to work closely with the Federal Reserve Board, the U.S. states, and the National Association of Insurance Commissioners.