

The Prudential Authority's participation in international insurance developments

A roadmap for 2020



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1. Introduction

The Prudential Authority is committed to stay abreast of trends in the financial sector, which includes trends in financial sector regulatory and supervision spheres. The Prudential Authority, as a member of the International Association of Insurance Supervisors (IAIS), actively participates in the development and establishment of IAIS standards and other developments. This document sets out the main IAIS developments that the Prudential Authority will participate in over the course of 2020 and beyond (in some cases). The developments that will be discussed in this document are:

- The common framework for the supervision of internationally active insurance groups (ComFrame) and the Insurance Capital Standard (ICS); and
- The holistic framework for the assessment and mitigation of systemic risk in the global insurance sector (holistic framework).

The structure of the document is as follows:

- [Section 2](#) briefly sets out the background/overview of Insurance Core Principles (ICPs) and the activities that are topical in this document;
- [Section 3](#) expands on the ICS introduced in the background/overview;
- [Section 4](#) explains in more depth what the holistic framework is;
- A combined roadmap of the IAIS timelines for 2020 is set out in [section 5](#); and
- [Section 6](#) sets out the Prudential Authority's plan/response to these international insurance developments.

2. Overview

a. Insurance Core Principles (ICPs)

Established in 1994, the IAIS is a voluntary membership organisation of insurance supervisors and regulators from around the globe. It is the international standard-setting body responsible for developing and assisting in the implementation of supervisory and supporting material for insurance supervision. The IAIS also provides a forum for members to share their experiences and understanding of insurance supervision and insurance markets.

The mission of the IAIS is to promote 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. In this context, the IAIS has issued the ICPs, which are comprised of Principle Statements, Standards and Guidance, as a globally accepted framework for insurance supervision. The ICPs seek to encourage the maintenance of consistently high supervisory standards in IAIS member jurisdictions. A sound supervisory system is necessary for the protection of policyholders and promoting the stability of the financial system and should address the broad set of risks within, and posed by, the insurance sector.

The ICP material is presented according to the following hierarchy:

- Principle Statements – the highest level in the hierarchy which set out the essential elements that must be present in a jurisdiction in order to protect policyholders, promote the maintenance of fair, safe and stable insurance markets and contribute to financial stability. In each ICP, the Principle Statement is numbered and presented in a box with bold font.
- Standards – the next level in the hierarchy linked to specific Principle Statements. Standards set out key high-level requirements that are fundamental to the implementation of the Principle Statement and should be met for a jurisdiction to demonstrate observance with the particular Principle Statement. Standards are presented in bold font, with the number of the applicable principle statement followed by the Standard number.
- Guidance – the lowest level in the hierarchy supporting the Principle Statement and/or Standards. Guidance facilitates the understanding and application of the Principle Statement and/or Standards; it does not represent any requirements. The wording used in Guidance varies to reflect the intended weight of the text; for example, the use of “should” provides more of a recommendation, whereas the use of “may” is more of a suggestion. Where appropriate, Guidance provides examples of ways to implement the Principle Statements and/or Standards. Guidance is presented in regular font, with the number of the Principle Statement and Standard followed by the Guidance number.

b. ComFrame & ICS

Adopted by the IAIS on 14 November 2019, ComFrame establishes supervisory standards and guidance focusing on the effective group-wide supervision of Internationally Active Insurance Groups (IAIGs).

ComFrame builds on, and expands upon, the high-level standards and guidance currently set out in the ICPs, which generally apply on both an insurance legal entity and group-wide level.

ComFrame is a comprehensive and outcome-focused framework aimed at facilitating effective group-wide supervision of IAIGs, by providing qualitative and (in a future phase) quantitative supervisory minimum requirements tailored to the international activity and size of IAIGs. This should help supervisors address group-wide risks and avoid supervisory gaps. One of the main objectives of ComFrame is to support coordination of supervisory activities between the group-wide supervisor (GWS) and other involved supervisors. As such, ComFrame will provide supervisors with a common language for the supervision of IAIGs.

By coordinating supervisory activities and exchange of information about IAIGs between group-wide and other involved supervisors, the implementation of ComFrame should result in more efficient supervisory processes, for the benefit of both supervisors and IAIGs.

On 9 October 2013, the IAIS announced its plan to develop a risk-based global insurance capital standard. This was in response to the request by the Financial Stability Board (FSB) that the IAIS produce a work plan to create a comprehensive group-wide supervisory and regulatory framework for IAIGs. The ICS was developed for this purpose and to create a common language for supervisory discussions of group solvency to enhance global convergence among group capital standards. The ultimate goal is a single ICS that includes a common methodology by which one ICS achieves comparable, i.e. substantially the same, outcomes across jurisdictions.

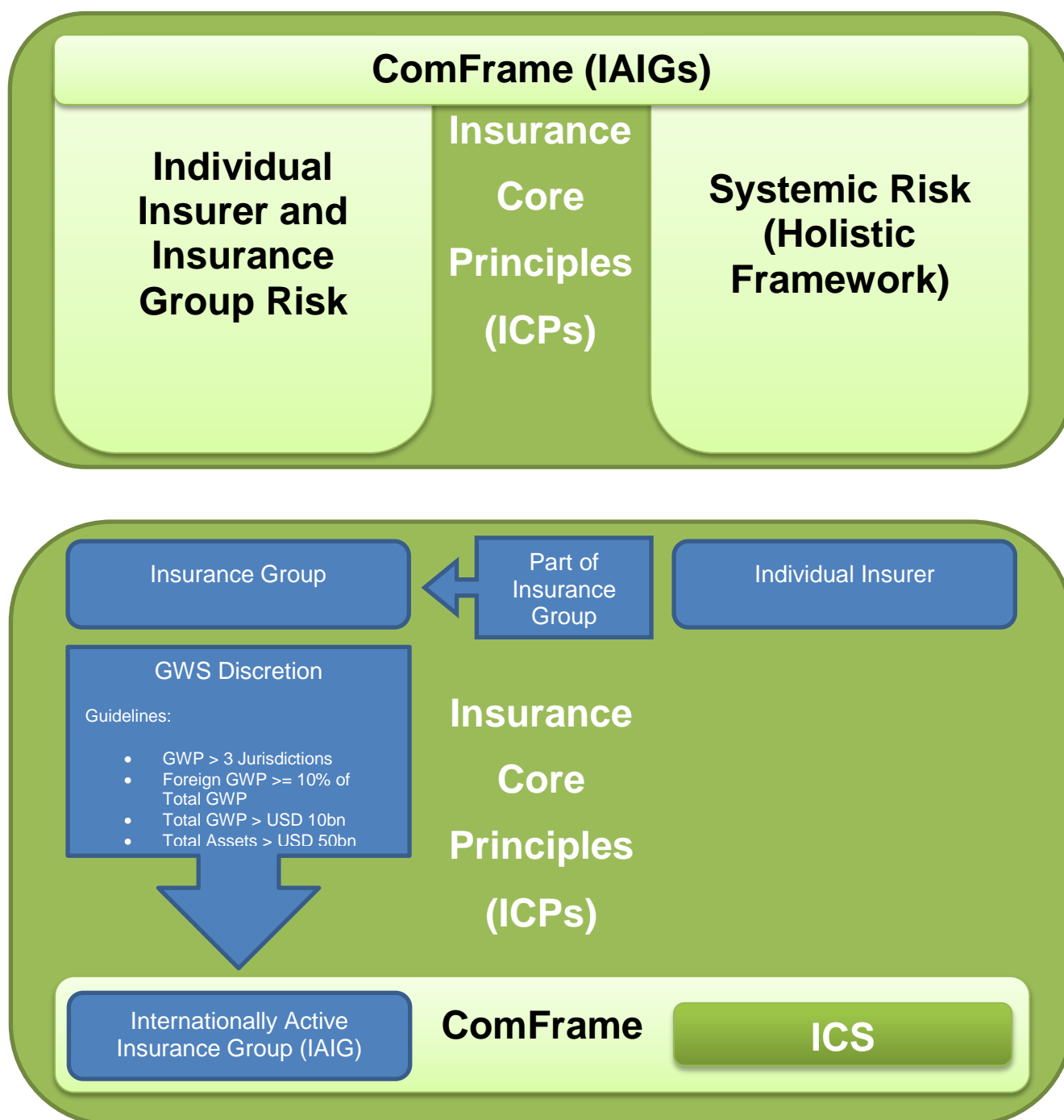
c. Holistic Framework

To support its mission of effective and globally consistent supervision to protect policyholders and to contribute to global financial stability, the IAIS adopted in November 2019 the holistic framework for the assessment and mitigation of systemic risk in the global insurance sector (holistic framework).

In light of the finalised holistic framework, the FSB, in consultation with the IAIS and national authorities, has decided to suspend Global Systemically Important Insurers (G-SII) identification as from the beginning of 2020. In November 2022, the FSB will, based on the initial years of implementation of the holistic framework, review the need to either discontinue or re-establish an annual identification of G-SIIs by the FSB in consultation with the IAIS and national authorities.

The FSB will receive from the IAIS an annual update of the outcomes of the global monitoring exercise, including the IAIS assessment of systemic risk in the global insurance sector and the supervisory response to identified risks (if any). The IAIS will continue its annual data collection from individual insurers, complemented by data collection from supervisors to support its assessment of sector-wide trends with regard to specific activities and exposures.

d. Combined Visual Summary



3. ICS under Monitoring Period

a. Overview

The purpose of the five-year monitoring period is to monitor the performance of the ICS over a period of time, and not the capital adequacy of IAIGs. For this purpose, the monitoring period is intended to be a period of stability for the ICS and the additional reporting. This does not preclude possible clarifications/refinements and correction of major flaws or unintended consequences identified during the monitoring period to improve the ongoing development of the ICS.

Prior to the adoption of the ICS as a prescribed capital requirement (PCR), there will be a public consultation on the ICS and the IAIS will undertake an economic impact assessment.

A main objective of the monitoring period is to receive feedback from supervisors and IAIGs on the ICS and, if applicable, additional reporting. The assessment by group-wide supervisors and supervisory colleges should include:

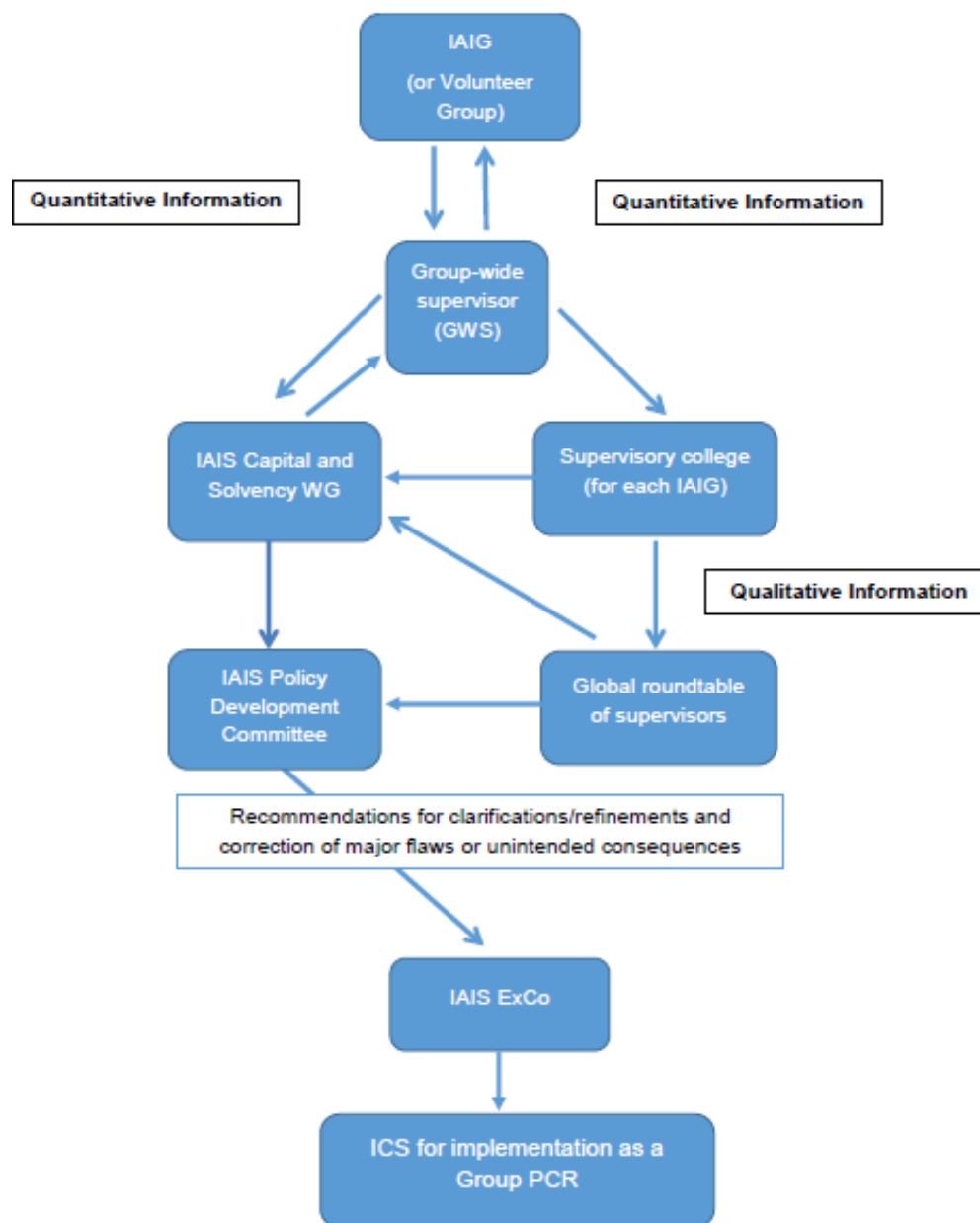
- A comparison with existing group capital standards or calculations that are in development;
- The extent to which material risks of the IAIG are captured;
- The appropriateness and practicality of the calculations required; and
- Any difficulties in implementing the measure (i.e. applying the specifications) by the IAIG or the supervisor.

During the monitoring period, the ICS will be used for confidential reporting to group-wide supervisors and discussion in supervisory colleges. It will not be used as a PCR meaning the ICS results will not be used as a basis to trigger supervisory action. Therefore, during the monitoring period, IAIGs are not expected to manage their business to the ICS since it is not a PCR. ICS Version 2.0 for the monitoring period is not for decision making by supervisors, nor is it intended for use by third parties. In this context, the IAIS encourages IAIGs not to disclose their ICS Version 2.0 results to any third parties.

The feedback received during the monitoring period will be used to further improve the ICS. In addition to the feedback from supervisors, the IAIS will consider feedback from stakeholder engagement, the public consultation and the results of the economic impact assessment, all of which could result in changes to ICS Version 2.0. During the monitoring period, the IAIS intends to maintain the same level of engagement with stakeholders as it had during field testing.

Once implemented as a PCR at the end of the monitoring period, the ICS will be a measure of capital adequacy for IAIGs. It will constitute the minimum standard to be achieved and one which the supervisors represented in the IAIS will implement or propose to implement taking into account specific market circumstances in their respective jurisdictions. The ICS will be a minimum standard for a group PCR and not a legal entity PCR.

Figure 2: Monitoring period process



b. Comparability Assessment

The United States (US) and other interested jurisdictions are developing an Aggregation Method (AM) to a group capital calculation. Although this is not part of ICS Version 2.0, the IAIS appreciates the significance of this development, and so is helping to collect data from the US and other interested jurisdictions that will aid in the development of the AM.

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 in the sense of the ultimate goal,

outcomes to the ICS. If so, it will be considered an outcome-equivalent approach for implementation of ICS as a PCR. Development of the AM by interested jurisdictions is underway. Work has begun on developing criteria to assess whether the AM provides comparable outcomes to the ICS, starting with a project plan focused on delivery by the end of the monitoring period.

The IAIS has agreed on the definition of comparable outcomes and an overarching approach to guide the development of high-level principles and criteria.

Comparable outcomes to the ICS means that the AM would produce similar, but not necessarily identical, results over time that trigger supervisory action on group capital adequacy grounds.

The IAIS will develop high-level principles and criteria in such a manner that the AM is neither precluded at the outset as an outcome equivalent approach to the ICS for measuring group capital, nor given a free pass.

Developing high-level principles and criteria for the comparability assessment will take into account:

- Analysis of the responsiveness of the ICS and AM to changes in conditions over time, including economic and financial market conditions over the business cycle, not short-term market fluctuations;
- Analysis of individual elements of a group solvency approach, i.e. valuation, capital resources, and capital requirement (including range and level of material risks) to support the assessment of comparable (i.e. substantially the same) outcomes, while recognising that the decision on comparable outcomes will consider the elements in totality;
- The prudence of the AM in relation to the ICS, recognising that the latter will be a minimum standard and other standards could be more but not less prudent than it;
- The scope of the group included under AM and ICS, consistent with that set out in ComFrame;
- The extent, quality and scope of information on ICS and AM, required across different business models, that is sufficient to deliver the comparability assessment; and
- The levels of transparency of the group solvency position of the IAIG under the AM and ICS.

Additionally, the IAIS will include opportunities for stakeholder engagement through public consultation.

c. Roles and Responsibilities during the Monitoring Period

Role of GWS

- Send data templates to IAIG;
- Perform data checks on data templates;

- Submit validated data templates to IAIS;
- Organise supervisory colleges;
- Provide a report of summary results to supervisory college of IAIG for discussion; and
- Provide quantitative and qualitative feedback to IAIS on appropriateness of ICS and any additional reporting.

Role of IAIS

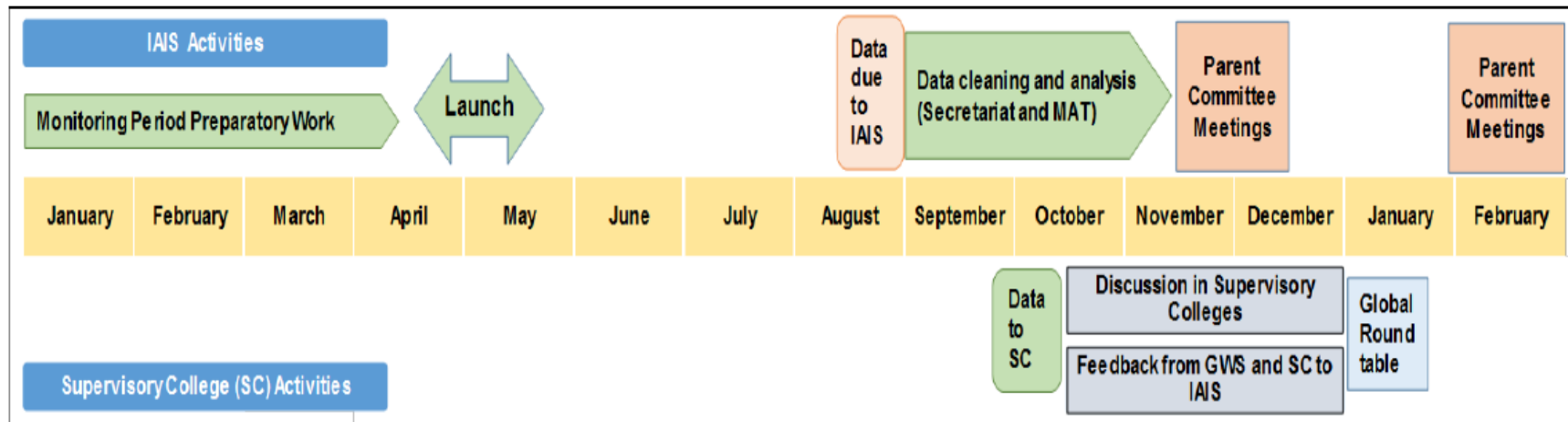
- CSWG to facilitate and organise annual confidential reporting of ICS and any additional reporting that may be required;
- CSWG to further develop GAAP Plus during first 2 years of monitoring period;
- CSWG to perform data collections as necessary to refine the calibration of ICS risk charges at the end of monitoring period;
- Dedicated analysis team will assess ICS calculations and any additional reporting, i.e. interact with IAIGs via GWS for data cleaning and technical feedback;
- CSWG will meet regularly to discuss feedback during whole process to determine if there are material issues;
- An Annual Global Roundtable will be organised; and
- An ICS Education Program will be developed in order to assist those front-line supervisors that will perform the assessment of the ICS and additional reporting.

Role of Supervisory Colleges

- Discuss and assess the effectiveness of the ICS and additional reporting;
- The IAIS will collect feedback and views from supervisors, such as the added value of the ICS within supervisory colleges, e.g. better understanding of risks, better cross-border comparability, etc.;
- The IAIS will develop guidance and a targeted questionnaire for feedback in order to facilitate discussion in supervisory colleges and receive consistent feedback; and
- The IAIS will provide a secure means to collect feedback from GWSs and host supervisors based on discussions in individual IAIG supervisory colleges.

d. ICS Roadmap during the Monitoring Period

Figure 1: Annual Reporting and Analysis during the Monitoring Period



ICS milestones for 2020 - 2024

	ICS	Comparability Assessment
2020 Q1	January: <ul style="list-style-type: none"> - Updated Declaration of Consent to be signed by all IAIGs participating in the monitoring period - IAIS sends a letter on participation in the monitoring period to GWSs, asking them to convey the message to their IAIGs in an appropriate form - Review point for IAIG participation 	<ul style="list-style-type: none"> - Based on the high level definition and overarching approach, the IAIS continues discussions on developing the high level principles to inform the criteria that will be used to assess whether an AM provides comparable outcomes to the ICS - Review point for IAIG participation
2020 Q2	Apr: <ul style="list-style-type: none"> - Launch of confidential reporting 	
2020 Q3	Early-Jul: IAIS publishes register of IAIGs that have been publicly disclosed by GWSs Sep: Reporting template due	Early-Jul: Issue a consultation on the draft definition of comparable outcomes and the high-level principles to inform the criteria that will be used to assess whether an AM provides comparable outcomes to the ICS Sep: AM reporting template due
2021 Q1	Review point for IAIG participation	
2021 Q2	Apr: Launch of confidential reporting	
2021 Q3	Sep: Reporting template due	

	Apr: Launch of confidential reporting	Apr: Launch of confidential reporting
2024 Q3	<ul style="list-style-type: none"> - Decision on ICS as a PCR, including decisions on the inclusion of GAAP Plus and other methods of calculation of the ICS capital requirement in the ICS and the treatment of NAIC Designations as part of the standard method or other methods - Publication of a report on the outcome of the economic impact assessment. <p>Sep: Reporting template due</p>	<ul style="list-style-type: none"> - Decision on whether the AM provides comparable outcomes to the ICS - Publication of a report on the outcome of the assessment of whether the AM provides comparable outcomes to the ICS <p>Sep: AM reporting template due</p>
2024 Q4	Adoption of ICS as a PCR	

4. Holistic Framework for System Risk in the Insurance Sector

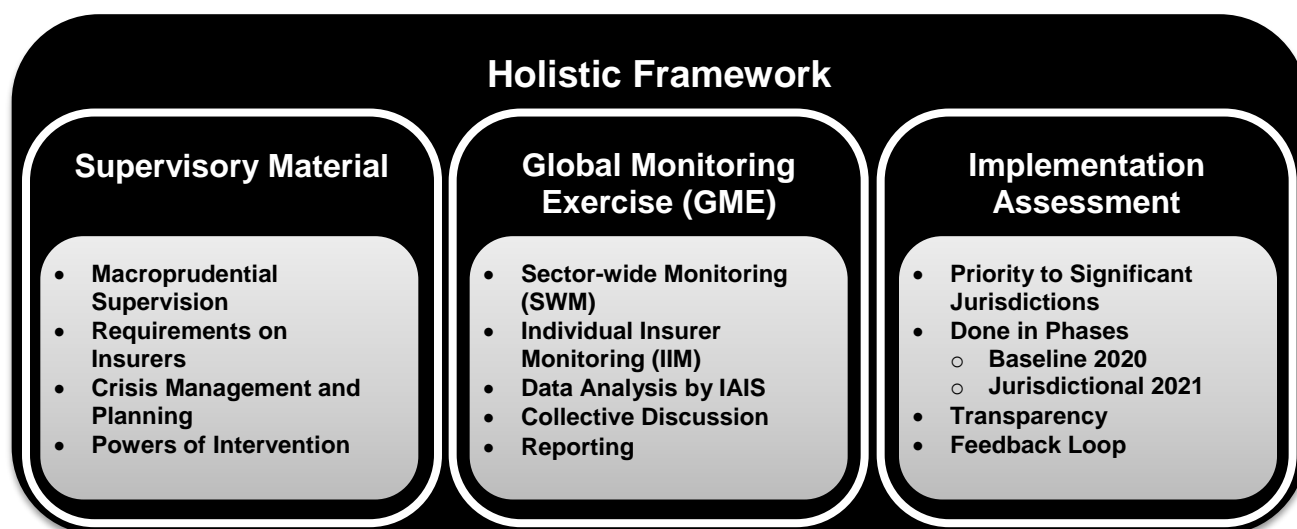
a. Overview

The holistic framework supports the IAIS mission of promoting effective and globally consistent supervision to protect policyholders and contribute to global financial stability.

The holistic framework recognises that systemic risk may arise not only from the distress or disorderly failure of an individual insurer, but also from the collective exposures and activities of insurers at a sector-wide level.

The key elements of the holistic framework are:

- **Supervisory material:** An enhanced 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. When a potential systemic risk is detected, supervisory powers of intervention enable a prompt and appropriate response;
- **Global monitoring exercise:** An IAIS global monitoring exercise is designed to assess global insurance market trends and developments and detect the possible 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 on the assessment of potential systemic risks and appropriate supervisory responses and reporting to the FSB on the outcomes of the global monitoring exercise; and
- **Implementation assessment:** An IAIS assessment of the consistent implementation of enhanced supervisory policy measures and powers of intervention.



b. Key Elements

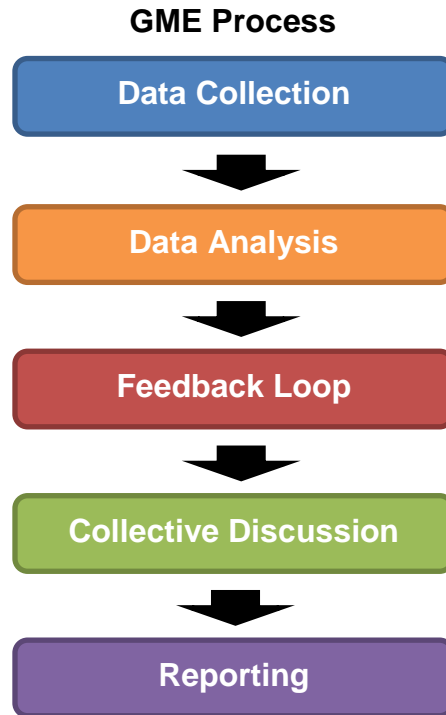
• Supervisory Material

- The IAIS supervisory material (ICPs and ComFrame) aims to protect policyholders and contribute to global financial stability through the maintenance of consistently high supervisory standards in IAIS Member jurisdictions. The ICPs apply to insurance supervision of all insurers, whereas ComFrame applies to IAIGs only. As part of the holistic framework, the IAIS revised certain ICPs and ComFrame materials by enhancing or adding supervisory policy measures specifically designed to assess and mitigate potential systemic risk building up in the insurance sector;
- The holistic framework moves away from the previous binary approach, in which a set of pre-determined policy measures applied only to a small group of identified global systemically important insurers (G-SIIs). Instead, it promotes a proportionate application of an enhanced set of supervisory policy measures and powers of intervention for macroprudential purposes to a broader portion of the insurance sector through the ICPs and ComFrame; and
- The policy measures include, but are not limited to:
 - On-going supervisory requirements applied to insurers, targeted at key potential systemic exposures: liquidity risk, macroeconomic exposure and counterparty exposure;
 - Macroprudential supervision, aimed at identifying vulnerabilities and addressing the build-up of systemic risk at the individual insurer and sector-wide levels; and
 - Crisis management and planning, which includes requirements on recovery and resolution planning, as well as the establishment of crisis management groups.
- In terms of powers of intervention, supervisors are required to have a sufficiently broad set of preventive and corrective measures in place to enable a prompt and appropriate response when a potential systemic risk is detected.

• Global Monitoring Exercise (GME)

- The IAIS will undertake an annual global monitoring exercise to assess insurance market trends and developments, and determine any potential build-up of systemic risk in the global insurance sector. This will include an assessment of potential systemic risk arising from sector-wide trends (i.e. SWM) with regard to specific activities and exposures, but also the possible concentration of systemic risks at an individual insurer level (using an updated assessment methodology i.e. IIM) arising from these activities and exposures.
 - Individual Insurer Monitoring (IIM)

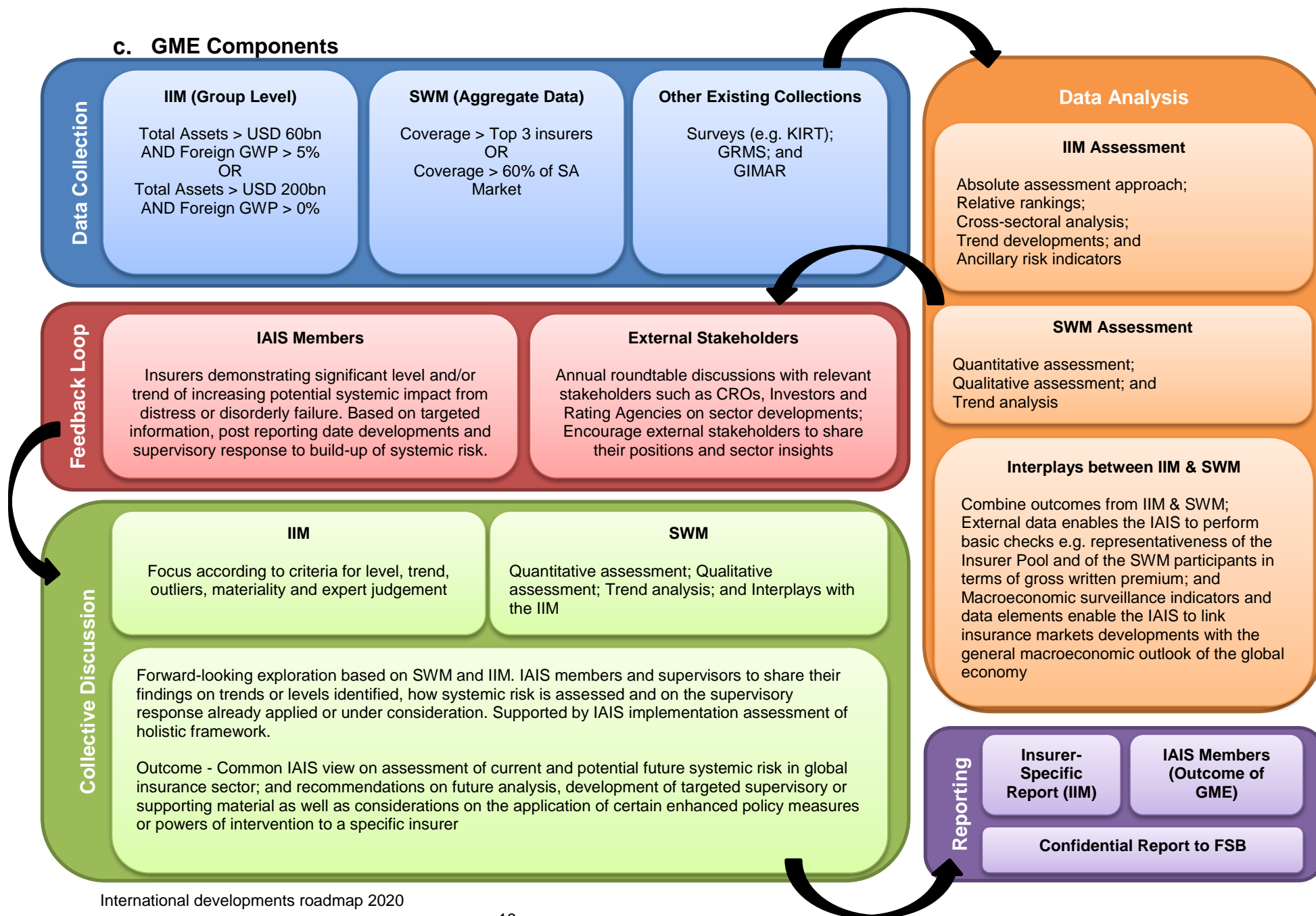
- The IIM is aimed at assessing systemic risk stemming from an individual insurer's distress or disorderly failure, recognising that potentially systemic activities or exposures may become concentrated in an individual insurer, such that its distress or disorderly failure would pose a serious threat to global financial stability;
- Sector-Wide Monitoring (SWM)
 - The SWM is aimed at assessing sector-wide trends with regard to specific activities and exposures and consists of both a qualitative and quantitative part. It is a complement to the IIM, and both their outcomes will feed into the IAIS's assessment of systemic risk as well as in the IAIS collective discussion;
 - The SWM brings together existing IAIS efforts related to macroprudential surveillance and broader market surveillance, including the:
 - IAIS Key Insurance Risk and Trends (KIRT) Survey: a voluntary, annual survey amongst IAIS Members about their qualitative assessment of risk;
 - IAIS Global Reinsurance Market Survey (GRMS): a data collection amongst relevant IAIS Members, the results of which are annually reported to the general public within the Global Insurance Market Report (GIMAR); and
 - IAIS GIMAR: which provides an overview of trends and developments in global insurance markets along with a series of topical chapters which allow to develop a global view on relevant issues from the perspective of insurance supervisors.
 - The global monitoring exercise will also see a collective discussion by the IAIS of the assessment of potential systemic risk in the global insurance sector, at both a sector-wide and individual insurer level, and appropriate supervisory responses to systemic risk if it arises. The discussion of appropriate supervisory responses will include the consideration of enhanced supervisory policy measures and/or powers of intervention, taking into account the IAIS' assessment of those supervisory policy measures and/or powers of intervention that have already been implemented; and
 - The IAIS will share the outcomes of the global monitoring exercise each year with participants in the global monitoring exercise (participating insurers as well as participating IAIS Members), other IAIS Members, the FSB and the general public.



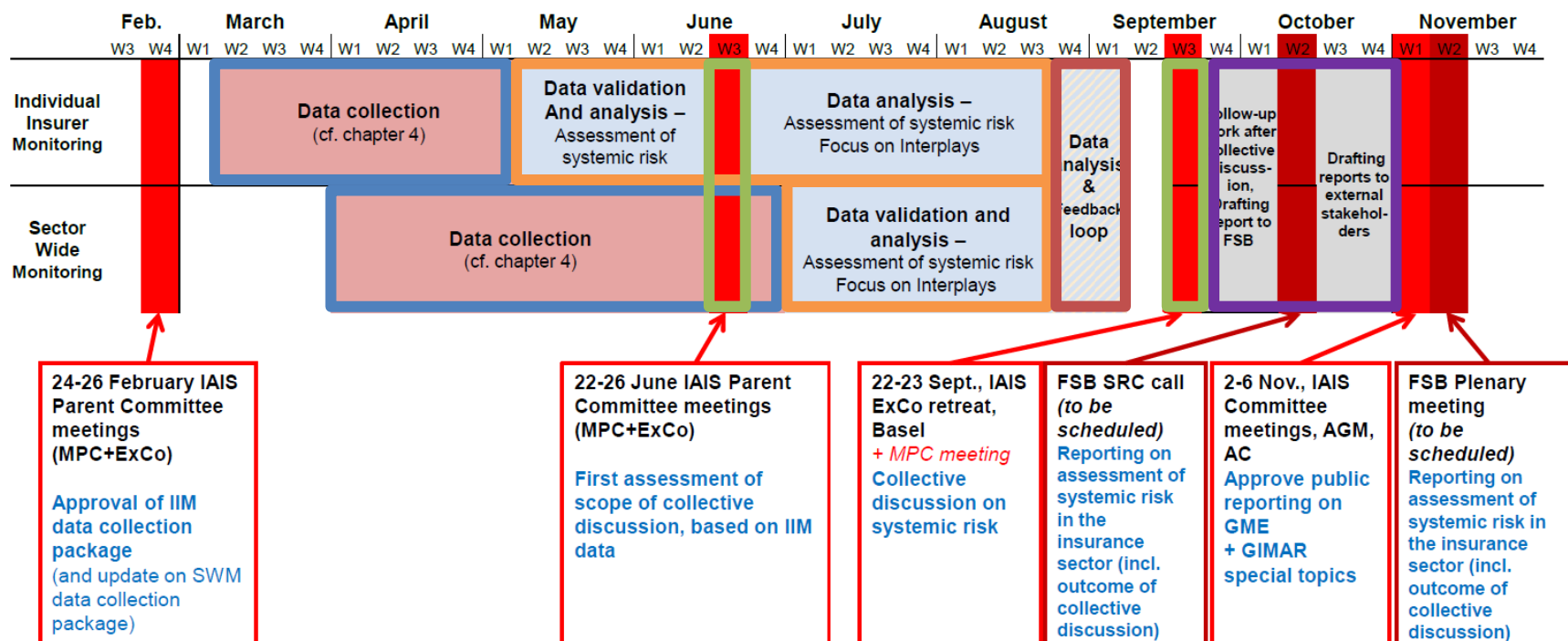
- **Implementation Assessment**

- A final key element of the holistic framework is the IAIS's assessment of the consistent implementation of the holistic framework supervisory material. It aims to promote globally consistent and effective implementation of the relevant supervisory material among its Members. This is critical for supporting financial stability – as the potential build-up of systemic risk may be global in nature, so should there be a globally consistent and effective application of policy measures aimed at assessing and mitigating these risks;
- The IAIS's implementation assessment approach builds on existing methodology for assessing implementation of ICPs and ComFrame, while taking into account the specific nature of the holistic framework as a subset of ICP and ComFrame material that is relevant to the assessment and mitigation of systemic risk. Assessments will proceed in phases, beginning with a baseline assessment in 2020 and moving towards more intensive jurisdictional assessments in 2021, which will include targeted in-depth verification of supervisory practices; and
- The IAIS will share the outcomes of the holistic framework implementation assessments with the FSB and the general public.

c. GME Components



d. GME Roadmap 2020



GME milestones for 2020	
24 – 26 Feb	Approval of IIM data collection package and update on SWM data collection package
Mid-Mar	Approval of SWM data collection package
Mid-May	Submission IIM data
Mid-May to Mid-Jun	Analysis of IIM data, assessment of criteria
22 – 26 Jun	First assessment of scope of collective discussion, based on IIM data
30 Jun	Submission of SWM data
30 Jun – Mid-Sep	Analysis of SWM data and interplays with IIM data
Mid-Aug – Mid Sep	Feedback Loop
22 – 23 Sep	IAIS collective discussion on systemic risk in the insurance sector
Mid-Oct	IAIS reporting on assessment of systemic risk in the insurance sector (incl. outcome of collective discussion) to FSB SRC
2 – 6 Nov	Approve public reporting on GME + GIMAR special topics
Mid-Nov	IAIS reporting on assessment of systemic risk in the insurance sector (incl. outcome of collective discussion) to FSB Plenary

5. Combined IAIS Roadmap 2020

Activity	Jan				Feb				Mar				Apr				May				Jun				Jul				Aug				Sep				Oct				Nov				Dec			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4								
IIM																																																
SWM																																																
ICS																																																
AM																																																

	Working Group Meetings
	Data Collection
	Analysis
	Feedback Loop
	Collective Discussion
	IAIS Reporting
	Discussion in Supervisory Colleges

IAIS Milestones for 2020 (ICS & Holistic Framework)

Period		ICS	AM	Holistic Framework
Q1	Jan	<ul style="list-style-type: none"> - Updated Declaration of Consent to be signed by all IAIGs participating in the monitoring period - IAIS sends a letter on participation in the monitoring period to GWSs, asking them to convey the message to their IAIG(s) in an appropriate form - Review point for IAIG participation 	<ul style="list-style-type: none"> - Based on the high level definition and overarching approach, the IAIS continues discussions on developing the high level principles to inform the criteria that will be used to assess whether an AM provides comparable outcomes to the ICS - Review point for IAIG participation 	
	24 – 26 Feb			Approval of IIM data collection package and update on SWM data collection package
	Mid-Mar			Approval of SWM data collection package
	Apr	Launch of confidential reporting		
Q2	Mid-May			Submission of IIM data
	Mid-May to Mid-Jun			Analysis of IIM data, assessment of criteria

	22 – 26 Jun			First assessment of scope of collective discussion, based on IIM data
	30 Jun			Submission of SWM data
Q3	Early Jul	IAIS publishes register of IAIGs that have been publicly disclosed by GWSs	Issue a consultation on the draft definition of comparable outcomes and the high-level principles to inform the criteria that will be used to assess whether an AM provides comparable outcomes to the ICS	Analysis of SWM data and interplays with IIM data
	31 Aug	Submission of ICS & AM Data		
	Sep			
	22 – 23 Sep	Analyse ICS & AM Data		IAIS collective discussion on systemic risk in the insurance sector
Q4	Mid-Oct	<ul style="list-style-type: none"> - Analyse ICS & AM Data (up to Mid-Nov) - Discussion at Supervisory Colleges - Feedback to IAIS from GWS and Supervisory Colleges 		IAIS reporting on assessment of systemic risk in the insurance sector (incl. outcome of collective discussion) to FSB SRC
	2 – 6 Nov			Approve public reporting on GME + GIMAR special topics
	Mid-Nov			IAIS reporting on assessment of systemic risk in the insurance sector (incl. outcome of

			collective discussion) to FSB Plenary
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6. The Prudential Authority Response or Plan

The Prudential Authority is committed to the South African IAIS membership and actively works with the IAIS to forward its goals, including those discussed in this document. This commitment is complemented by active participation by Prudential Authority employees on various working groups and committees, including the executive committee, where the needs of South Africa in particular and emerging markets in general is put forward and championed.

This section sets out the Prudential Authority plan/response in broad terms applicable to the ICS and the holistic framework as discussed in this document.

a. Participation in Data Collection

The Prudential Authority will continue to participate in the ICS data collection during the monitoring period and the IIM and SWM for the holistic framework.

As the GWS for the South African IAIGs, the Prudential Authority is the liaison between the IAIG and the IAIS. The data collection refers to the ICS template and additional reporting, if required, and includes data validation. This work is very valuable to the Prudential Authority to improve its insight and understanding of the ICS and the IAIGs with the aim to complement its supervision of these IAIGs.

For the IIM, the Prudential Authority is responsible for identifying potential candidates and then coordinating the data collection from these entities.

The data collection for the SWM requires the Prudential Authority to use data already collected through the regulatory returns submitted by all solo insurers in South Africa and does not require additional submissions from insurers.

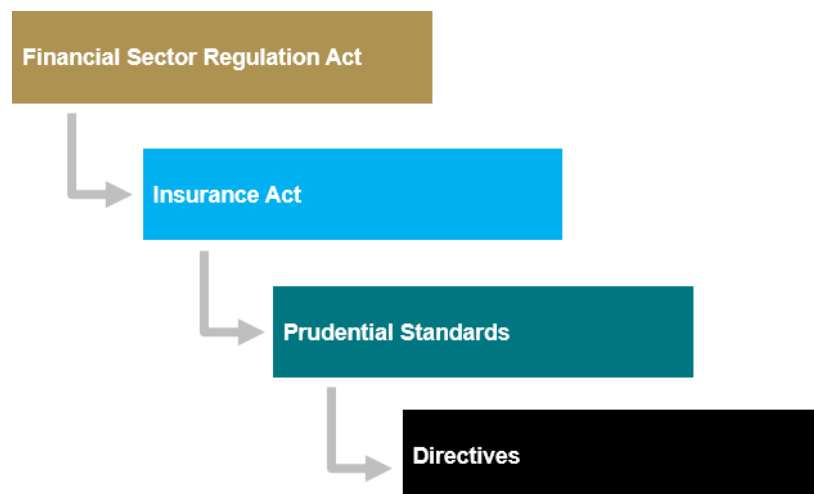
b. Identifying IAIGs

The Prudential Authority will identify the IAIGs operating in South Africa for which the Prudential Authority is the GWS. The criteria for identifying an IAIG is set out in ComFrame, but the Prudential Authority reserves the right to use supervisory discretion when identifying IAGSs in South Africa. Such discretion could be used where the benefit for supervision of identifying an insurance group as an IAIG is deemed to be sufficient to depart from the strict criteria used in ComFrame.

The process of identifying an IAIG will commence for an insurance group upon the successful licence application by the designated controlling company of insurance groups.

c. The Future of the ICS

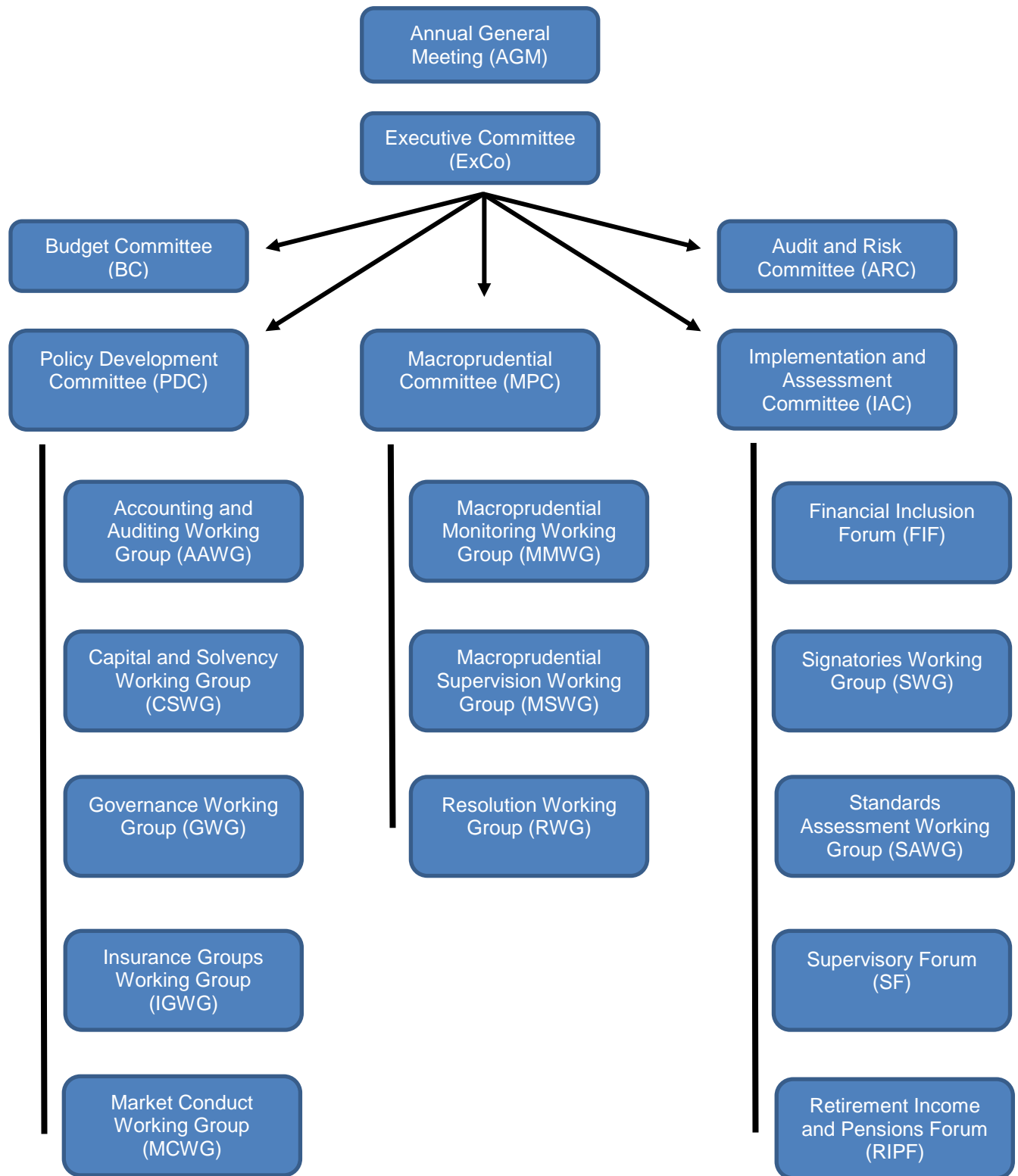
The IAIS is a standard setting body only and supervision and regulation is the mandate of each jurisdiction's regulator. In South Africa, the Prudential Authority is expected to embed the ICS and ComFrame into the supervisory and regulatory framework of South Africa after the final and full adoption of the ICS by the IAIS, currently planned for November 2024. The format and timing of drafting the appropriate document(s) is to be decided, but will fit into the hierarchy of legislation as depicted in the picture below.



One possibility is the drafting of an additional Prudential Standard for Insurance Groups (FSG) that will require identified IAIGs to apply the ICS as an additional regulatory return to be submitted to the Prudential Authority. The final decision will be made at an appropriate time closer to the end of the monitoring period.

In the embedment of the ICS, the Prudential Authority may depart from the ICS (then called the reference ICS) as it deems appropriate for the South African IAIGs, but would have to explain and justify these changes to the IAIS. The Prudential Authority has not yet considered making such changes, but reserves its right to do so after in-depth analysis and collaboration with the insurance industry of South Africa and other interested jurisdictions.

Annex A: IAIS Structure



Annex B: Abbreviations

AGM	Annual General Meeting
AM	Aggregation Method
ARC	Audit and Risk Committee
BC	Budget Committee
ComFrame	Common Framework
CSFWG	Capital and Solvency Working Group
ExCo	Executive Committee
FIF	Financial Inclusion Forum
GIMAR	Global Insurance Market Report
GME	Global Monitoring Exercise
G-SII	Global Systemically Important Insurer
GWG	Governance Working Group
GWS	Group-wide Supervisor
IAC	Implementation and Assessment Committee
IAIG	Internationally Active Insurance Group
IAIS	International Association of Insurance Supervisors
ICP	Insurance Core Principle
ICS	Insurance Capital Standard
IGWG	Insurance Groups Working Group
IIM	Individual Insurer Monitoring
KIRT	Key Insurance Risks and Trends
MCWG	Market Conduct Working Group
MMWG	Macroprudential Monitoring Working Group
MPC	Macroprudential Committee
MSWG	Macroprudential Supervision Working Group
NAIC	National Association of Insurance Commissioners (USA)
PA	Prudential Authority
PCR	Prescribed Capital Requirement
PDC	Policy Development Committee
RIPF	Retirement Income and Pension Forum
SAWG	Standards Assessment Working Group
SF	Supervisory Forum
SPFO	Strategic Plan and Financial Outlook
SWG	Signatories Working Group
SWM	Sector-wide Monitoring