



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

IAIS work on Actuarial services in inclusive insurance

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Objective for the work

In cooperation between the IAA and IAIS identify and develop approaches to establish or enforce actuarial expertise in inclusive insurance markets based on an understanding of a proportionate application of prudential requirements in inclusive insurance markets

Deliverables

- a. IAIS - Development of an IAIS Application Paper on Proportionate Prudential Requirements in Inclusive Insurance Markets” (to be supported by IAA),
- b. IAA - Development of an IAA paper “Approaches to Actuarial Services in Inclusive Insurance Markets” (to be supported by IAIS)

Insurance Core Principles and Proportionality

- ICPs are outcomes based

- Proportionality:

Supervisory measures should be appropriate to attain the supervisory objectives and not go beyond what is necessary to achieve those objectives

Tailor supervisory requirements and actions so that they are commensurate with the nature, scale and complexity of risks

- Proportionate approach should assist in promoting financial inclusion and market development objectives → preventing unnecessary barriers to access to insurance

Example

ICP 17 Capital Adequacy: The supervisor establishes capital adequacy requirements for solvency purposes so that insurers can absorb significant unforeseen losses and to provide for degrees of supervisory intervention.

Outcome: solvency requirements that allow absorbance of unforeseen losses...

Proportionality: consider nature, scale and complexity;

- Type of products, underwriting policies, pricing
- Reinsurance treaties and policy
- ALM, investment policies, quality of assets
- Economic environment, capital markets
- ...

Thank you for your attention

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