



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

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CONTACT: Conor Donaldson
+41 76 350 8602
Conor.Donaldson@bis.org

IAIS Executive Committee takes steps to address impact of COVID-19 on the insurance sector

The Executive Committee of the International Association of Insurance Supervisors (IAIS) held a conference call on 26 March 2020 to continue its discussions of the impact of the coronavirus disease (COVID-19) on the global insurance sector and the IAIS' activities.

The rapid global spread of COVID-19 and the steps taken to limit contagion are having a significant impact on the global economy and, consequently, on the financial system. Insurers are exposed on both sides of their balance sheets; on the liability side because of changes to interest rates as well as the potential increase in claims and on the asset side due to market volatility. Insurers are generally well-capitalised with sophisticated risk management capabilities, which should help the sector as a whole to withstand the shocks associated with COVID-19. Insurance has an essential role to play during a pandemic event such as COVID-19, providing protections to individuals, households and businesses. IAIS member supervisors remain vigilant in terms of the financial soundness and operational resilience of insurers, in support of the protection of policyholders and the maintenance of financial stability.

The IAIS' work over the past decade on enhanced international standards for supervision of the global insurance sector has contributed to more advanced risk management and greater resilience in the insurance sector. IAIS members are also pursuing a range of regulatory and supervisory measures to provide operational relief to insurers in the wake of the COVID-19 outbreak and to provide appropriate flexibility to help insurers maintain their safety and soundness and deliver the essential services they provide to policyholders and the economy. A number of IAIS members have also adopted measures to support fair treatment of customers, including clear disclosure and efficient claims processing in light of COVID-19 developments. The IAIS supports the implementation of these various measures by its members and will continue to facilitate the sharing of information on supervisory measures being taken or planned in this regard.

The IAIS also agreed on the following initial adjustments to its work programme to provide operational relief to our member supervisors, insurers and other stakeholders, while continuing to further a coordinated supervisory response at the global level in support of policyholder protection and the maintenance of financial stability:

- The IAIS will utilise the framework it has developed in recent years for forward-looking risk assessment to undertake a targeted assessment of the impact of COVID-19 on the global insurance sector;
- The IAIS, in consultation with the Financial Stability Board (FSB), will review the 2020 timelines for the implementation of the Holistic Framework for the mitigation of systemic risk in the global insurance sector;
- The IAIS will review and adjust the timelines for the data collection for the Insurance Capital Standard (ICS) confidential reporting in 2020, as well as the Aggregation Method (AM) data collection being supported by the IAIS. As a first step, the submission deadline will be extended to 31 October, to provide operational relief to participating insurers. In the current circumstances, submissions should be on a best

efforts basis. The IAIS will monitor the situation closely and propose additional adjustments if necessary. The workplan for development of high-level principles to inform the development of criteria by which to assess whether the AM provides comparable outcomes to the ICS will be adjusted to re-schedule the consultation previously planned for July 2020; and

- The IAIS will postpone development of supporting material (Issues Papers and Application Papers providing guidance on supervisory practices), with public consultations generally deferred by at least six months.

The IAIS is also taking steps to safeguard the well-being of members, stakeholders and staff, while maintaining operations. These include:

- All in-person Working Group meetings through to September will be replaced with conference calls, as appropriate; and
- The June 2020 Committee meetings and Global Seminar scheduled for Seattle, USA are cancelled. The in-person Committee meetings will be replaced with conference calls, as appropriate. The IAIS is currently exploring other virtual means for engaging with stakeholders in the absence of the Global Seminar.

The IAIS will continue to assess and address the implications of COVID-19 on the global insurance sector and is actively coordinating with the FSB and other standard setting bodies on cross-cutting financial system issues. Further steps will be taken, as necessary, to coordinate the actions taken by IAIS members to mitigate the impact of COVID-19 on insurers, safeguard policyholders and contribute to the maintenance of financial stability.



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Statement from Jonathan Dixon, IAIS Secretary General

The International Association of Insurance Supervisors (IAIS) is closely monitoring the ongoing Coronavirus (COVID-19) pandemic.

At the IAIS Executive Committee (ExCo) meeting on 26 February, members discussed the possible implications of COVID-19 for the global insurance sector and shared views on appropriate supervisory responses. Members strongly supported the role of the IAIS in providing a platform for insurance supervisors to share their experiences in this regard. Accordingly, the IAIS will:

- Launch, in the coming days, a survey of Members on the observed impact of COVID-19 in insurance sectors in their respective jurisdictions and to understand the different supervisory measures that have been put in place or are under consideration;
- Facilitate ongoing information sharing and cooperation among supervisors in light of the evolving situation; and
- Hold an extraordinary ExCo conference call at the end of March to discuss the survey results, as well as the impact of COVID-19 on the IAIS' workplan for 2020.

At the same time, the Secretariat has taken active steps to safeguard the well-being of staff and Members, while continuing to maintain operations. This includes:

- Cancelling all in-person Working Group meetings through end-April and replacing them with conference calls;
- Cancelling of all non-essential international business travel;
- Increased remote working; and
- Delaying the launch of registration for the June 2020 Committee meetings and Global Seminar scheduled for Seattle, USA, pending further consultation with the Host and ExCo members.

We will continue to closely monitor the situation and update Members and stakeholders on any further steps being taken.