

To: Mr Jonathan Dixon
Secretary General
International Association of Insurance Supervisors
Bank of International Settlements
Centralbahnplatz 2, 4051 Basel, Switzerland

Date: 21 September 2023

Subject: Insurance Capital Standard as a Prescribed Capital Requirement — GFIA response

Dear Mr Dixon,

The GFIA Capital Working Group welcomes the opportunity to respond to the Insurance Capital Standard (ICS) as a Prescribed Capital Requirement (PCR) consultation and provide comments.

GFIA acknowledges the extensive work of the IAIS over the past 10 years and the work that has gone into the fourth consultation on the candidate ICS as a PCR. GFIA takes this opportunity to provide high-level comments on the consultation due to jurisdictional differences in opinion.

- GFIA acknowledges the additions to the candidate ICS and the amendments to the accompanying draft Insurance Core Principles 14 (valuation) and 17 (capital adequacy). GFIA recognises the effort of the IAIS and the remaining challenges in trying to harmonise the views of many jurisdictions to create a comprehensive global standard and to implement it. Furthermore, GFIA acknowledges the work of the IAIS in reflecting feedback from the GFIA Capital Working Group to previous consultation responses on the ICS. GFIA urges the IAIS to seriously consider the changes stakeholders suggest that are evidence-based and point out areas where revisions in the final ICS are needed.
- GFIA supports the inclusion of internal models in the ICS and believes that this inclusion will be of real merit. Whilst their inclusion is welcomed, it is important that internal models are included in the best form achievable. Therefore, the IAIS should not introduce any provisions that would undermine the fundamentals of internal models.
- GFIA notes that the changes to the draft Insurance Core Principles 14 (valuation) and 17 (capital adequacy) generally enhance the readability of the texts and present well. These changes are mostly welcomed and supported by GFIA, which anticipates that there will not be a substantive impact as a result of the amendments.

- Finally, as we move towards the comparability assessment between the ICS and the Aggregation Method (AM) being developed by the United States, GFIA recognises the efforts of all involved.

Kind regards,

Contacts

Charlotte Clark, Chair, Capital WG

GFIA secretariat (secretariat@gfiainsurance.org)

About GFIA

The Global Federation of Insurance Associations (GFIA), established in October 2012, represents through its 40 member associations and 1 observer associations the interests of insurers and reinsurers in 67 countries. These companies account for 89% of total insurance premiums worldwide, amounting to more than \$4 trillion. GFIA is incorporated in Switzerland and its secretariat is based in Brussels.