

## **COMMITTEE ON INSURANCE REGULATION**

### ACTIVITY REPORT OCTOBER 2002 – APRIL 2003

#### **Liaison with International Association of Insurance Supervisors (IAIS) and other international organizations**

Peter Boller attended the meeting of the IAIS Subcommittee on Reinsurance on November 12, 2002 in Elsinore, Denmark. Peter also hosted a small working group with the IAIS Secretariat in Zurich at which the latest proposals for Reinsurance Regulation Standards were reviewed in detail.

The chair of the committee (Nigel Masters) attended, along with the IAA President (Edward J. Levay), the Ninth IAIS Annual Conference in Santiago, Chile, October 9-11, 2002. Other IAA members were also in attendance as delegates from their national regulators. Edward Levay addressed the Conference to present the good wishes of the IAA. Nigel Masters chaired a session on Market Conduct.

It is intended that the IAA will be represented at the next IAIS conference in Singapore next October by Jim McGinnitie (President) and possibly Jukka Rantala.

Stuart Wason, Peter Boller and Jukka Rantala attended the seminar "On Risk Assessment & Capital Adequacy in the Insurance Sector" ([agenda](#), [annotated agenda](#)) arranged by the IAIS and the Financial Stability Institute in Basel, March 23 –24; and Stuart Wason ([presentation](#)) participated in the Roundtable arranged by the same organizations on March 24.

Stuart Wason and Henk van Broekhoven presented the work of the solvency assessment working party at the "Solvency Market Day", organized by the European Union Commission on December 17, 2002 in Brussels.

Nigel Masters has been discussing the Observer status accorded to the IAA by the IAIS with the IAIS Secretariat with the objective of recognizing the special relationship that exists between the two organizations.

#### **Papers by the Committee on Insurance Regulation**

- Report of the Working Party on Insurance Solvency: The Working Party has changed its name but not its appetite for work. The working party has continued its heavy schedule of conference calls and has also met face to face in San Francisco. The report is at the final draft stage within the Working Party and has been circulated for comment ahead of this meeting in Sydney.

## Submissions

### *IAIS Glossary*

Dave Hartman is working on a response to the IAIS which will include some recommendations for the definition of the word “actuary”.

### *IAIS document on “The Use of Actuaries as Part of a Supervisory Model”*

On April 12, the IAA sent informal comments on an advance copy of the paper “The Use of Actuaries as Part of a Supervisory Model”. On May 3, the IAIS issued an official request for comments on its revised paper. The draft response was sent to the IAIS on October 4. Following a vote by member organizations, the final response was forwarded on January 29, 2003.

### *IAIS Draft Principles on Minimum Requirements for Supervision of Reinsurers*

The draft response was sent to the IAIS on May 9 and posted to the IAA web site for a vote by member organizations with a deadline of August 7. The committee is working on a revised response which will incorporate the comments received. The IAIS has since moved on to issue Draft Standards on this same subject.

### *IAIS Draft Standard on Supervision of Reinsurers*

Peter Boller is drafting a response, in consultation with the Subcommittee on Reinsurance, which will be sent to member organizations for a vote at the end of May.

### *IAIS document “Revision of the Insurance Core Principles and Association Insurance Core Principles Methodology”*

The draft response to the latest version of this IAIS document, issued on January 31, 2003, is under consideration by the committee and will subsequently be sent to member organizations for a vote at the end of May.

### *Quantifying and Assessing Insurance Liabilities*

The draft response was sent to the IAIS on September 18, 2002, and it was put to a vote by member organizations with a deadline of December 14. Comments received were incorporated into the final response which will be issued in May 2003.

### *Stress Testing*

Nigel Masters is drafting a response to the Stress Testing paper issued on April 10, 2003, which will include comments on Control Capital Levels. Following consideration by the committee, the draft response will be sent to member organizations for a vote in August.

### *Issues Paper on Insurance Securitization*

The draft response was sent to the IAIS on December 5, 2002 and was subsequently put to a vote by member organizations with a deadline of March 4, 2003. Comments received have been incorporated into the final response which will be issued in May 2003.

*EU Solvency II*

A response was submitted by the IAA Insurer Solvency Assessment Working Party on February 23, 2003, and has now been put to a vote.

*IAIS Draft Standard on Disclosures re Technical Performance & Risks for Non-Life Insurers and Reinsurers*

A draft response was prepared by Ralph Blanchard (this item is on the agenda for the Sydney meeting).

**Committee Matters**

The committee is working on the elaboration of a two-year work plan.

Nigel Masters, Chairperson  
April 2003