TO: Council Delegates  
COPY: Correspondents; Insurance Regulation Committee  

The International Association of Insurance Supervisors (IAIS) is seeking feedback, through public consultation, on the Development of Liquidity Metrics - Phase 2. 

The IAIS split the development of the liquidity metrics into two phases: 

- During Phase 1 (2020-2021), the IAIS developed an Insurance Liquidity Ratio (ILR), which uses an exposure approach (EA); and 
- During Phase 2 (2021-2022), the IAIS is further developing other liquidity metrics, including a company projection approach (CPA). The CPA approach utilizes insurers’ projections of cash flows to assess liquidity risk. Moreover, Phase 2 also contains refinements to the EA, in particular to the ILR, and work on insurers’ own liquidity metrics.

The Phase 2 public consultation builds on the Phase 1 outcomes and comments received in the interim public consultation. 

The document and consultation questions for Phase 2 can be found under this [link](#) on the IAIS website. 

**Feedback on this material is invited by 23 January 2022**

The IAA intends to submit a formal response to this consultation. The Insurance Regulation Committee (IRC) will be responsible for formulating the response to the IAIS on behalf of the IAA. The response will be developed in accordance with the requirements of the IAA Due Process for Making a Public Statements. 

All members and observers of the IRC will be requested to provide input to the response. The developing drafts and the final response will be shared with the IRC. Please ensure that your association’s input is provided via your representatives in the IRC. 

If your association does not have a member or an observer in the IRC, you may nominate an observer to the drafting group to review the developing response. We request you to contact Amali Seneviratne (Director Technical Activities) at the IAA Secretariat as soon as possible, but no later than 22 December 2021 if your association wishes to nominate an observer. Please note that this will be your only opportunity to influence the development of the response, as it will not be circulated outside the IRC. 

The final response will be submitted to the IAIS on or before 23 January 2022, subject to approval by IRC members.