

The IAIS and the Insurance Capital Standard

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Part F of this book described the IAIS, which has its seat in Basel, together with its standards, including the Insurance Core Principles, ComFrame and the Insurance Capital Standard (ICS) adopted in December 2024.¹ For Switzerland, the ICS raises the question of how it relates to the SST. Both are market-consistent regimes, but they differ in their risk measure, their valuation methods and their treatment of particular risks. The ICS uses a value at risk at 99.5 per cent over one year, similar to Solvency II, and provides for a margin over current estimate for the valuation of liabilities.²

FINMA has indicated that it intends to implement the ICS for the Swiss internationally active insurance groups through the SST, arguing that the SST meets or exceeds the requirements of the ICS. The Swiss position is that the SST, as a fully risk-based and market-consistent regime, is an adequate implementation of the international standard, although some technical adjustments may be necessary.³ The question of how the IAIS will assess this implementation, and whether it will treat the SST as equivalent in the same way as the Aggregation Method of the United States, remains open as of autumn 2026.

1 Notes

1. See Part F, chapter IV, section "The International Association of Insurance Supervisors". Cross-reference. ↩
2. IAIS, Insurance Capital Standard, adopted December 2024, on the risk measure (VaR 99.5%) and the valuation approach (market-adjusted valuation, margin over current estimate). To be verified. ↩

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3. On FINMA's intended implementation of the ICS through the SST and its participation in the ICS monitoring period, see FINMA statements and IAIS implementation assessments. Status to be verified.



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