

The International Association of Insurance Supervisors

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Insurance supervisors organised themselves internationally later than banking supervisors. Since the insurance business was long regarded as national in character and less prone to contagion than banking, there was little pressure for cooperation across borders. That perception changed in the early 1990s, when the growth of international insurance groups and of the reinsurance market, in which Swiss companies have played a leading role since the nineteenth century, made it necessary for supervisors to exchange information and to agree on common principles. The International Association of Insurance Supervisors was founded in 1994. Its secretariat was first hosted by the National Association of Insurance Commissioners in the United States before it moved to the BIS in Basel in 1998.¹

Like the FSB, the IAIS is an association under Swiss law with its seat in Basel. Its members are insurance supervisors and regulators from some two hundred jurisdictions in about 140 countries, which makes its membership far broader than that of the Basel Committee or the FSB.² Until 2015, insurance companies and other industry participants could join the IAIS as observers and contributed to its budget. The decision to end the observer status, taken in the aftermath of criticism that the industry had too much influence on standard setting, transformed the IAIS into an association of public authorities financed by its members. Consultation with stakeholders now takes place through public consultations and dialogue meetings. The General Meeting of members elects the Executive Committee, which steers the work of the association with the support of committees for policy development, implementation and assessment, macroprudential matters and budget.³

The central standard of the IAIS is the set of *Insurance Core Principles* (ICPs). First adopted in 2000 and comprehensively revised in 2011 and 2019, the

ICPs set out the essential elements of an effective insurance supervisory regime.⁴ They cover the objectives, powers and independence of the supervisor, licensing, the suitability of persons, changes in control, corporate governance, risk management and internal controls, valuation, investments, capital adequacy, intermediaries, conduct of business, group-wide supervision, macroprudential supervision, resolution and the prevention of financial crime. The ICPs form the benchmark against which the IMF and the World Bank assess insurance supervision in their Financial Sector Assessment Programs. Their structure follows a hierarchy of principle statements, standards and guidance that resembles the Basel Core Principles for Effective Banking Supervision.

The Common Framework for the Supervision of Internationally Active Insurance Groups, known as ComFrame, adds a layer of requirements for large insurance groups that operate in several jurisdictions. The IAIS began work on it in 2010 and adopted it in November 2019. ComFrame establishes criteria for identifying internationally active insurance groups, requirements for group-wide governance and risk management, and procedures for cooperation among supervisors through supervisory colleges and crisis management groups. It is integrated into the text of the ICPs, so that the supervisor of an internationally active group applies the general principles together with the specific ComFrame standards.⁵

The most ambitious and most controversial project of the IAIS has been the Insurance Capital Standard (ICS). Its purpose is to create a common, risk-based measure of capital adequacy for internationally active insurance groups, comparable in function to the Basel capital standards for banks. The project faced the difficulty that insurance capital regimes had developed along very different lines. The European Union applies the market-consistent Solvency II regime, Switzerland its Swiss Solvency Test, while the United States relies on state-based risk-based capital rules and a group capital calculation that aggregates the capital requirements of the legal entities in the group. After a monitoring period beginning in 2020, the IAIS adopted the ICS as a prescribed capital requirement in December 2024.⁶ At the same time, it concluded that the Aggregation Method developed by the United States provides comparable outcomes to the ICS, so that jurisdictions applying it would be regarded as implementing the standard in an equivalent way. Critics regarded this conclusion as a political compromise, while its supporters saw it as the price of keeping the largest insurance market within the framework.⁷

The Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector, adopted in November 2019 and implemented

from 2020, reflects a shift in thinking about systemic risk in insurance. The earlier approach, which designated individual global systemically important insurers and subjected them to higher requirements, assumed that systemic risk arose from the size and interconnectedness of particular companies. The Holistic Framework takes the view that such risk can also arise from activities and common exposures across the sector. It combines enhanced supervisory policy measures, a global monitoring exercise and an assessment of the consistency of implementation across member jurisdictions.⁸ After reviewing its implementation, the FSB decided in December 2022 to discontinue the annual identification of global systemically important insurers, while retaining the possibility of reinstating it.

For the Swiss financial centre, the IAIS has particular importance, because Switzerland is home to some of the largest insurance and reinsurance groups in the world. FINMA participates in the work of the IAIS and chairs or takes part in supervisory colleges for the Swiss groups. The Swiss Solvency Test, introduced by the former Federal Office of Private Insurance from 2006 and binding since 2011, influenced international discussions on risk-based capital at a time when Solvency II was still being developed.⁹ Part I of this book examines the insurance and reinsurance industry of Basel and its region in detail. In the present context, it is sufficient to note that the standards applied by the supervisors of Swiss Re, Zurich, Helvetia, Baloise and the other Swiss groups are shaped in part by an association that has its seat in the same city as Baloise, which agreed in 2025 to combine with Helvetia in a group headquartered in Basel.¹⁰

1 Notes

1. On the foundation of the IAIS in 1994 and the move of its secretariat to the BIS in Basel in 1998, see IAIS, "About the IAIS", on the IAIS website; IAIS annual reports. Dates to be verified. ↩
2. IAIS By-Laws (as amended); number of members according to the IAIS website and its latest annual report. Figures to be verified. ↩
3. On the end of the observer status in 2015 and the IAIS's governance structure (General Meeting, Executive Committee, committees), see IAIS press releases of 2014 and 2015; IAIS By-Laws. To be verified. ↩
4. IAIS, Insurance Core Principles and Common Framework for the Supervision of Internationally Active Insurance Groups, adopted November 2019, with later amendments; earlier versions of the ICPs of 2000, 2003 and 2011. To be verified. ↩

5. IAIS, ComFrame, adopted 14 November 2019 at the IAIS Annual General Meeting in Abu Dhabi; integrated into the ICPs. Date and place to be verified. ↩
6. IAIS press release on the adoption of the Insurance Capital Standard, December 2024; on the five-year monitoring period of ICS Version 2.0 (2020–2024), see IAIS, Insurance Capital Standard: Version 2.0 for the Monitoring Period, November 2019. Status to be verified. ↩
7. IAIS, comparability assessment of the Aggregation Method, final decision of November/December 2024. Status to be verified. ↩
8. IAIS, Holistic Framework for Systemic Risk in the Insurance Sector, November 2019; IAIS, annual Global Insurance Market Report (GIMAR). To be verified. ↩
9. On the Swiss Solvency Test, introduced on a trial basis from 2006 and binding from 2011, and its relationship with Solvency II, see FINMA, publications on the SST; Insurance Supervision Act (VAG) and Insurance Supervision Ordinance (AVO) as revised. To be verified. ↩
10. On the merger of Helvetia and Baloise announced in April 2025 and completed later that year as Helvetia Baloise Holding with its seat in Basel, see the companies' press releases. Status to be verified. ↩

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