

Ad-Hoc Expert Meeting on
CAPACITY-BUILDING
FOR THE INSURANCE SECTOR IN AFRCA

23 February 2009

Insurance Supervision in Emerging Market

The Role of the IAIS

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD

Insurance Supervision in Emerging Market – the Role of the IAIS

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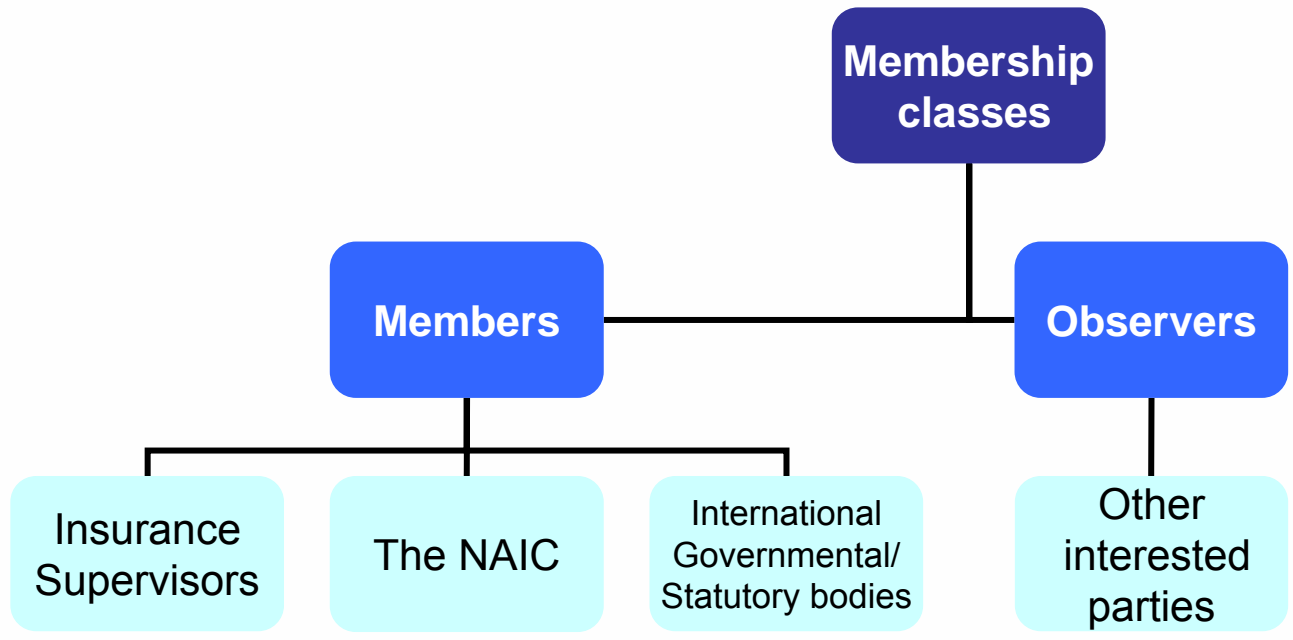
- Introduction
- Insurance Core Principles (ICPs)
- On-going activities focusing on emerging market
- Future plan for capacity building initiatives



1. IAIS: a global forum for insurance regulators



- Founded in 1994
- Members from more than 190 jurisdictions in over 140 countries



1. IAIS Members in Africa

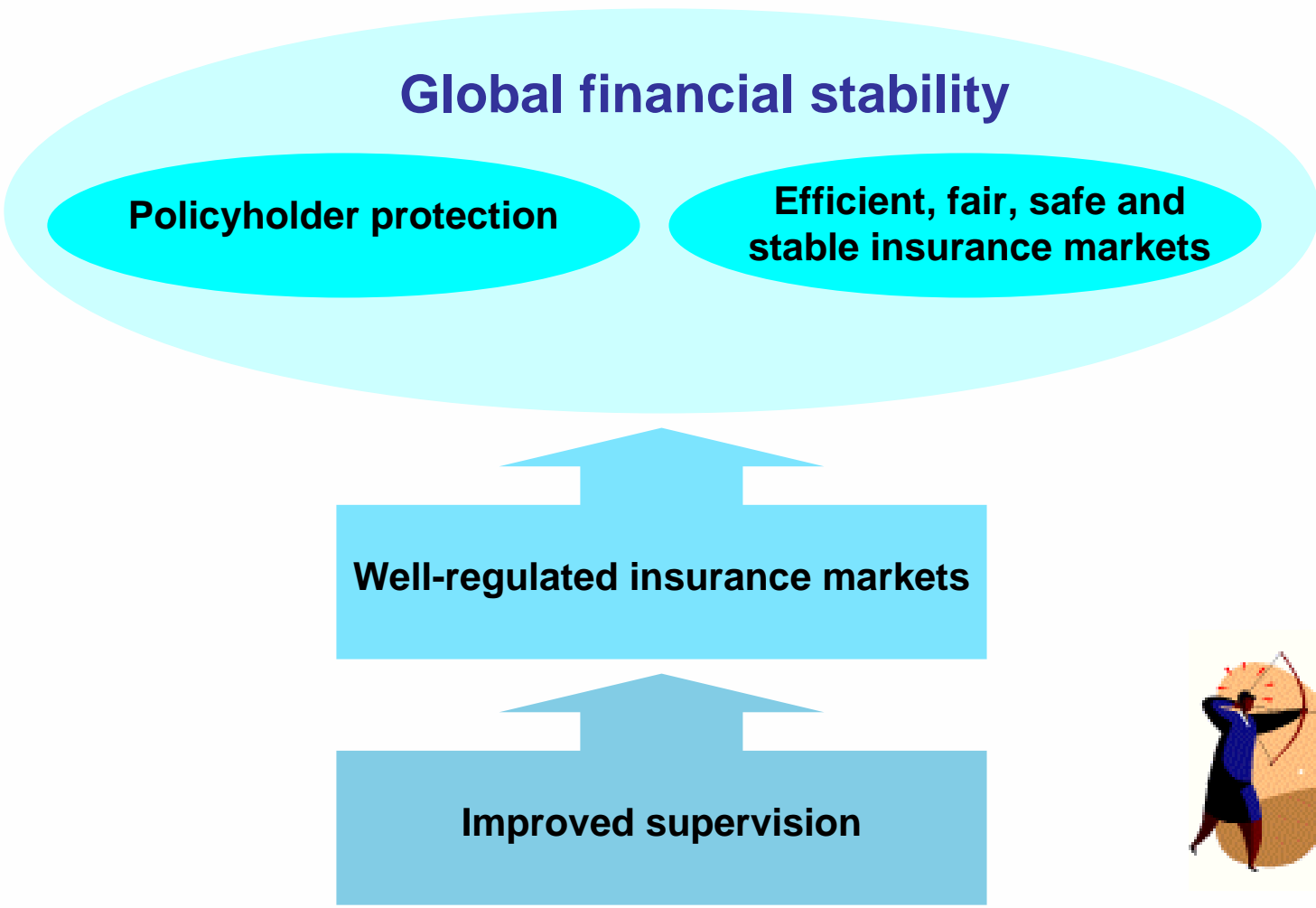


■ Members in Africa

Botswana, **Cape Verde**, Egypt, Ghana, Guinea, Kenya, Lesotho, Malawi, Mauritius, Morocco, Namibia, Nigeria, South Africa, Sudan, Swaziland, Tanzania, Tunisia, Uganda, Zambia, CIMA (Conférence Interafricaine des Marchés d'Assurances)

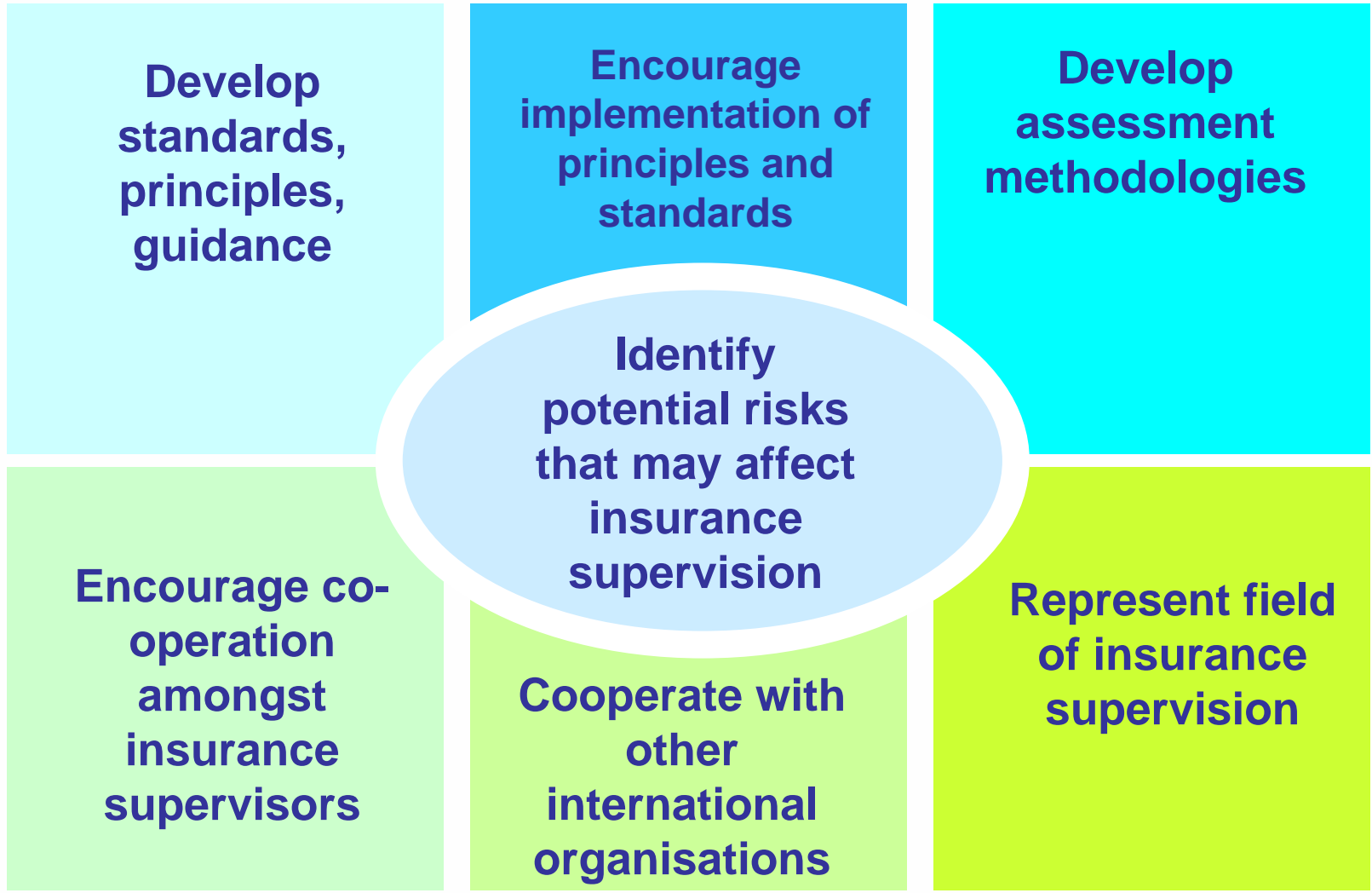


1. IAIS Objectives

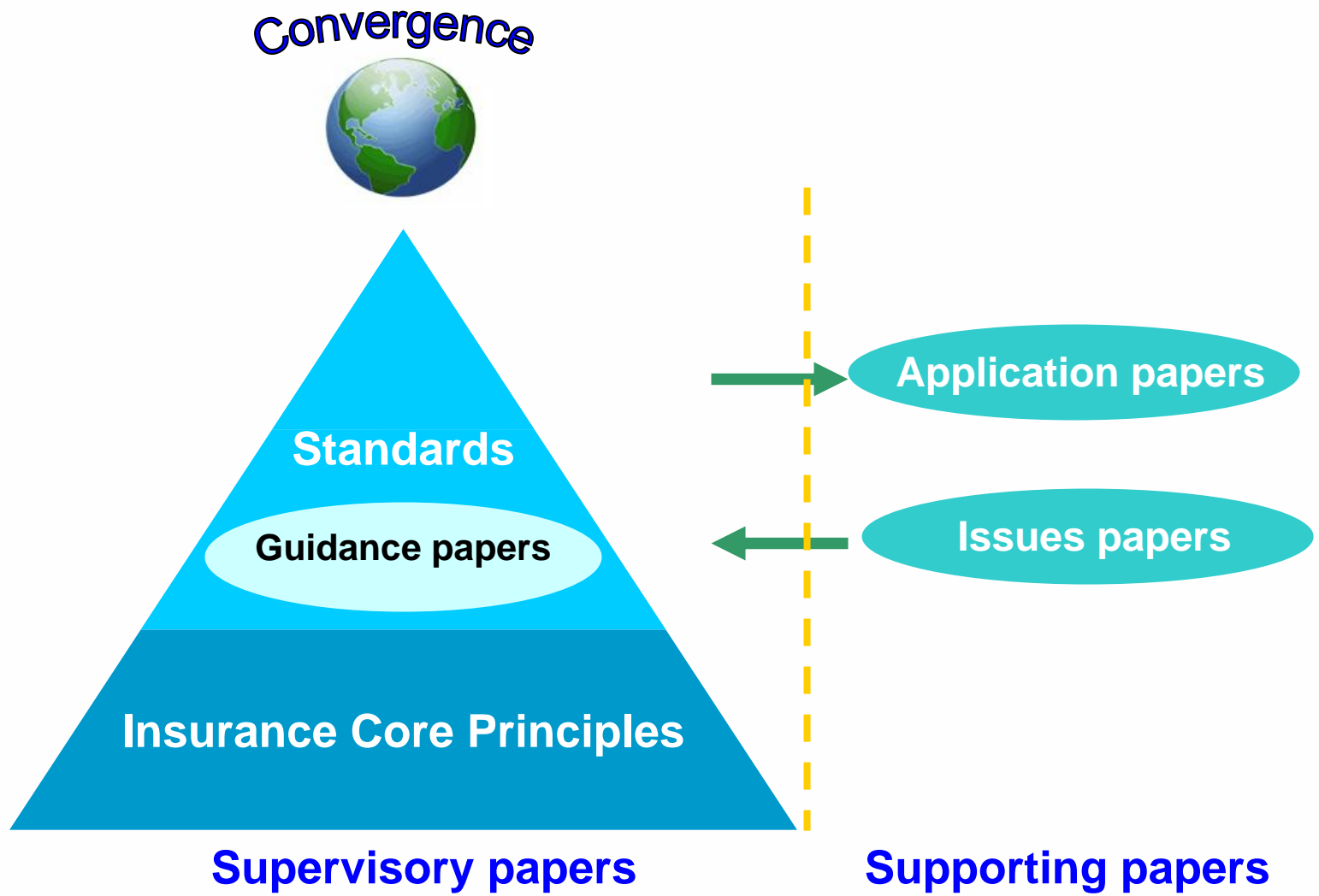




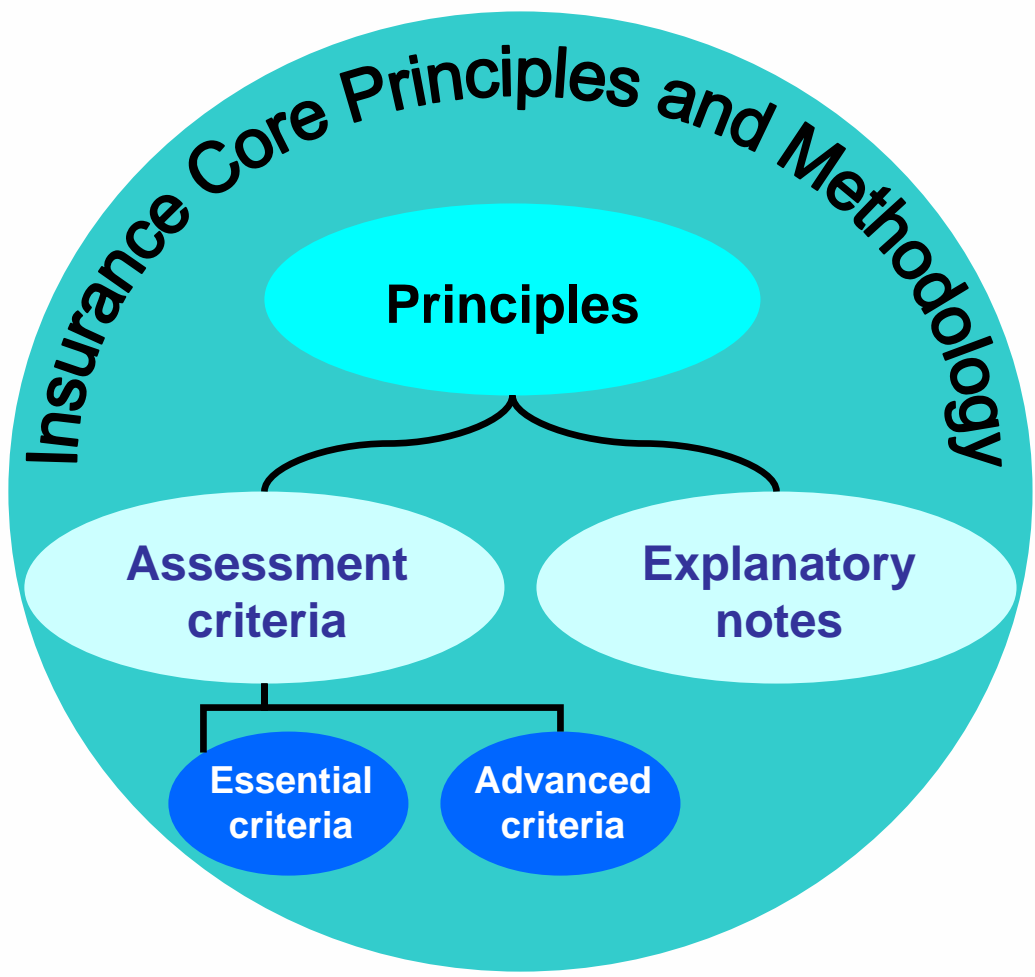
1. Multiple tools to achieve objectives



2. Standard setting activities and ICPs

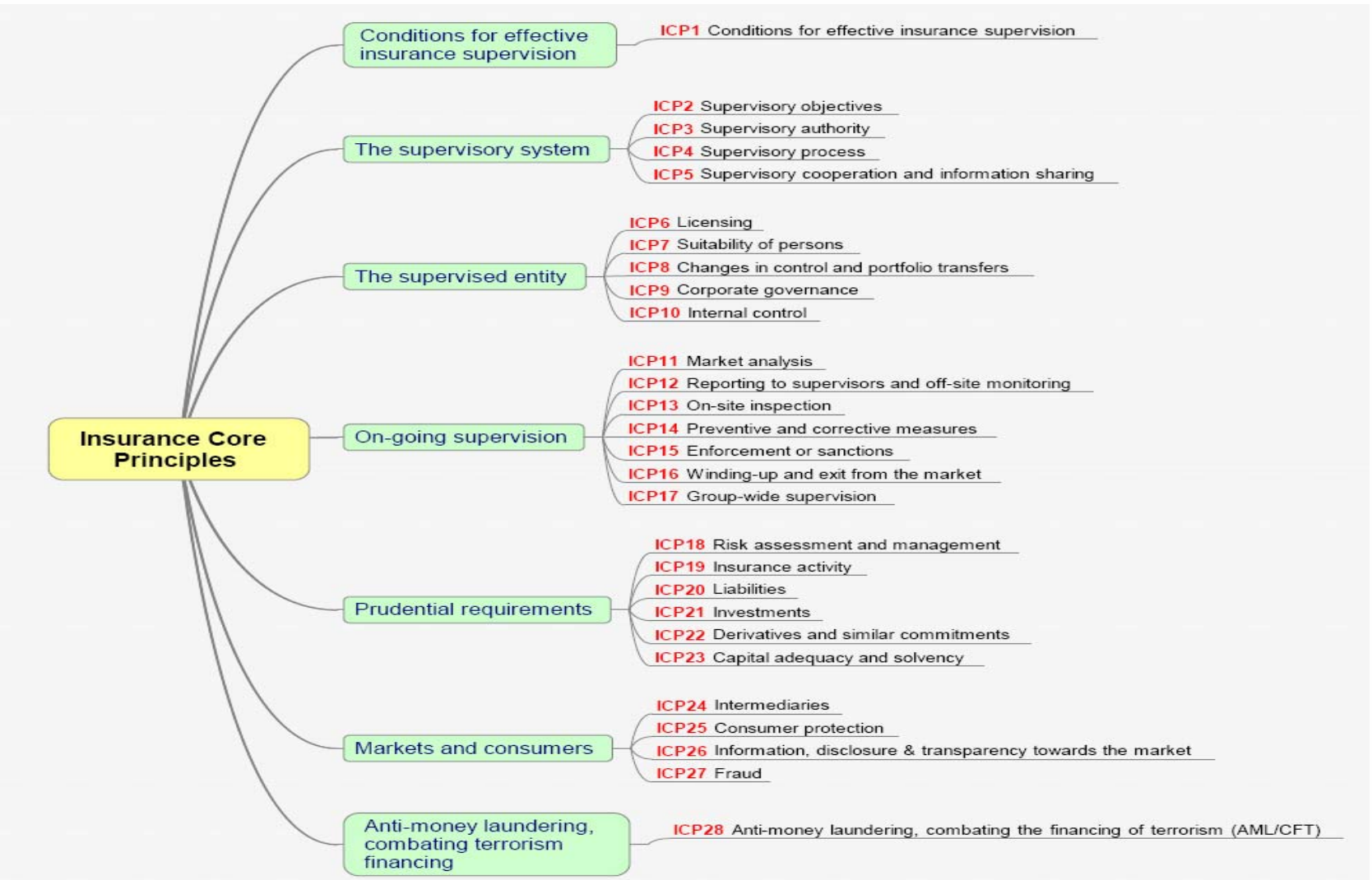


2. ICPs provide globally-accepted framework for insurance regulation and supervision



- **Benchmark** for insurance supervisors
- Used to establish **new regimes**
- Used to improve **existing regimes**
- Used in evaluation of supervisory regimes – **FSAPs**
- Applies to all **insurers and reinsurers** but not intermediaries, unless indicated

2. ICPs cover all insurance supervisory aspects

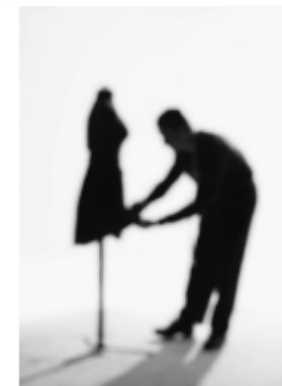


2. Implementation and assessment of ICPs



- What are the benefits of ICP assessments?
 - Identification of extent and nature of weaknesses
 - Recommendation of possible remedies
 - Preparation for FSAPs

- The implementation of the ICPs should take into account:
 - Domestic context
 - Industry
 - Structure and state of financial system
 - Overall macroeconomic conditions



2. Expectation on how to observe ICPs articulated in essential and advanced criteria



Essential criteria

- Elements intrinsic to the implementation of ICPs
- Assessment criteria

Observed	All essential criteria observed
Largely observed	Only minor shortcomings exist
Partly observed	Despite progress, shortcomings sufficient to raise doubts
Not observed	No substantive progress
Not applicable	Not applicable due to structural/legal/ institutional features or responsibility with other authorities

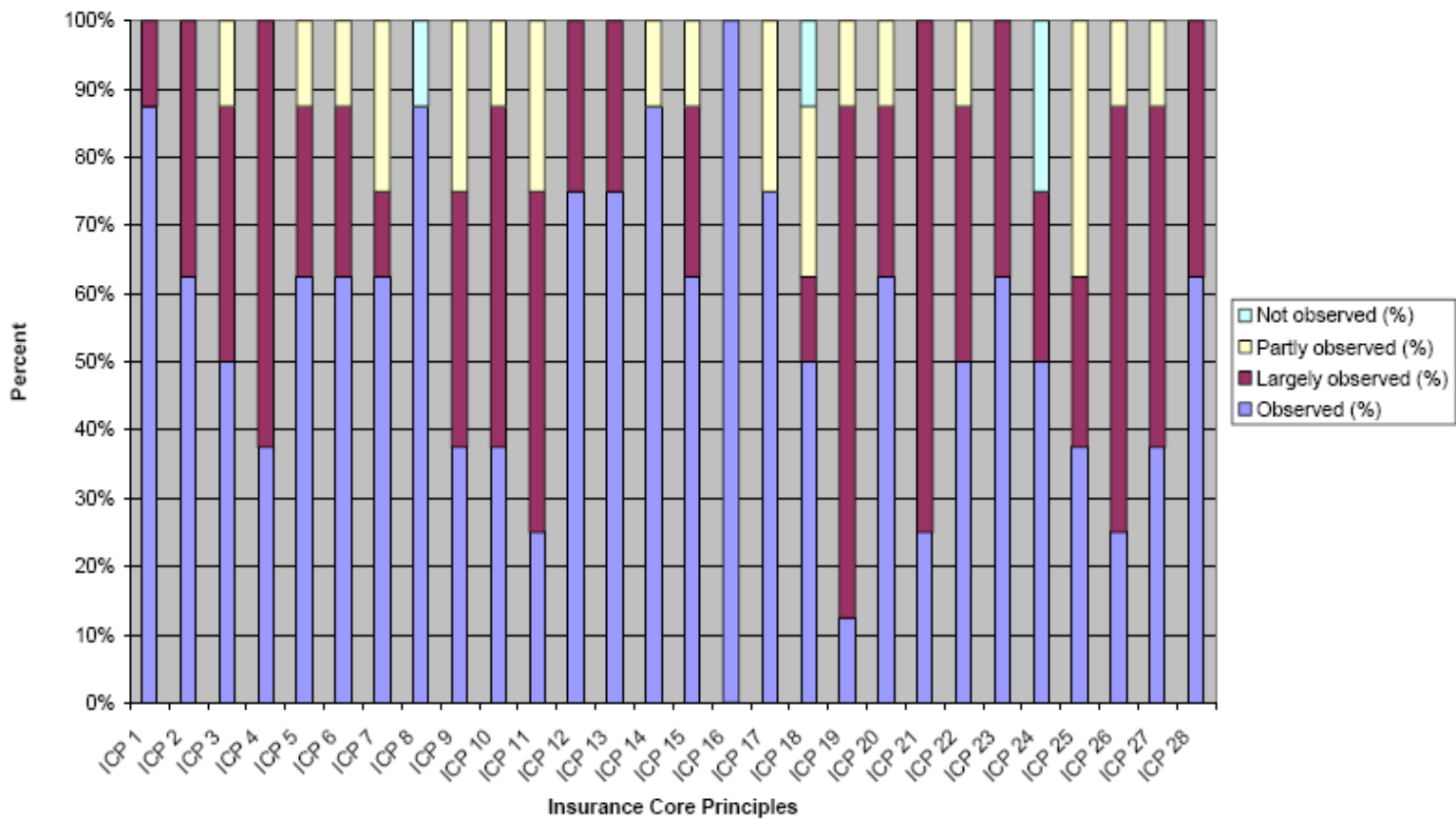
Advanced criteria

- Components which improve essential criteria and enhance supervisory regime
- Not used in assessing ICPs observance
- **BUT** may be used to comment or make recommendations on supervisory framework

2. Self-assessment in 2004/2005 identified areas for further improvement

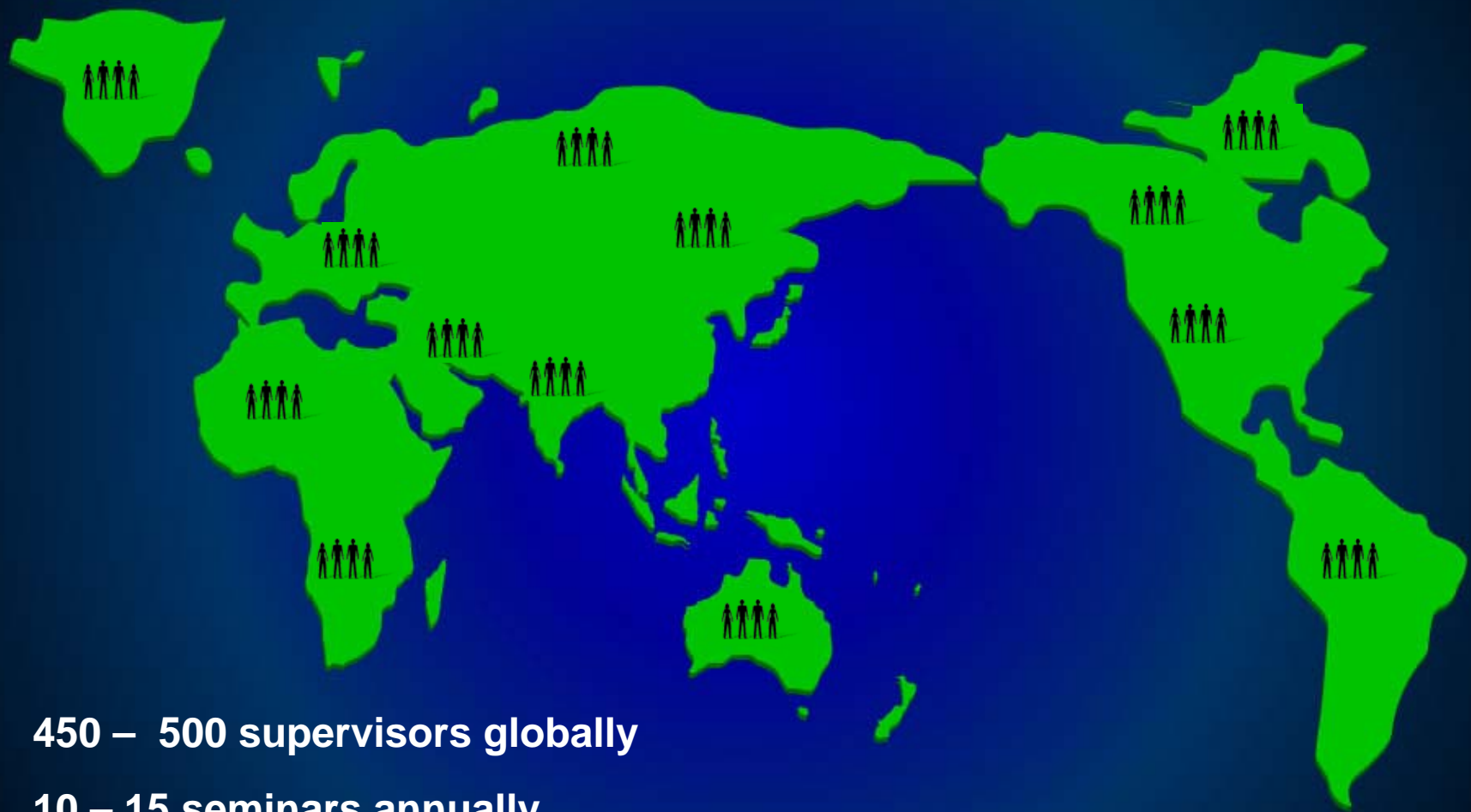


“Report on ICP Self-Assessment Exercise 2004/2005”





3. On-going activities focusing on emerging market



450 – 500 supervisors globally

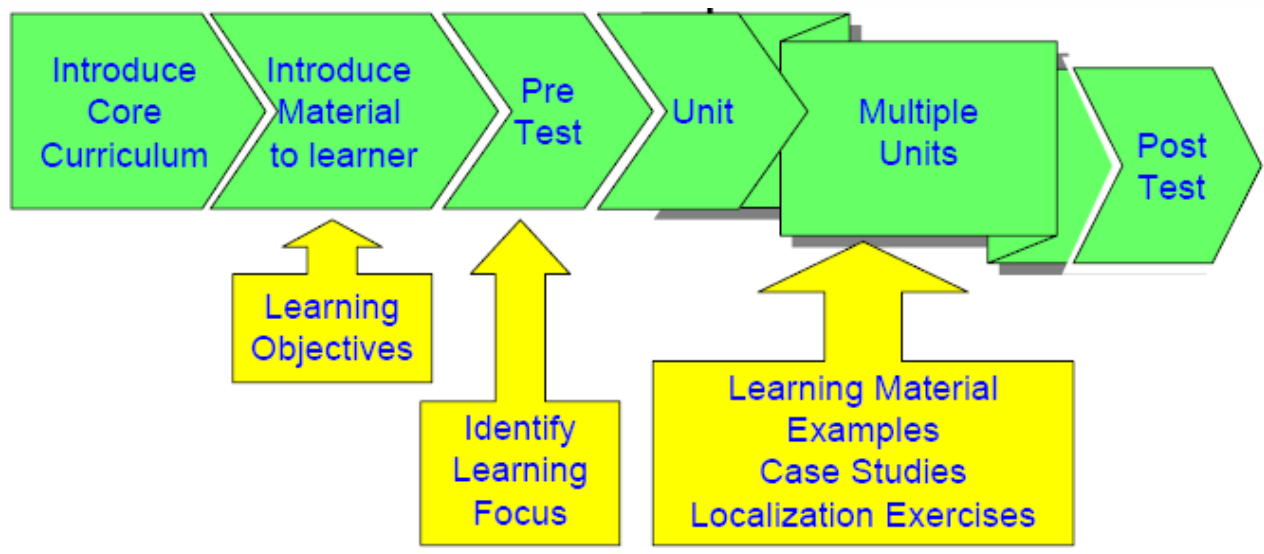
10 – 15 seminars annually

Annual Seminar + Global Seminar



■ Insurance Core Curriculum

- Comprehensive learning tool for insurance supervisors
- Developed jointly with World Bank
- Consisting of 36 basic-level modules covering all 28 Insurance Core Principles and 5 advanced-level case studies
- Designed for self-paced learning
- Written and reviewed by well-known insurance experts and insurance supervisors
- Available to IAIS members on IAIS website



Microinsurance

- IAIS-CGAP (Consultative Group to Assist the Poor) Joint Working Group on Microinsurance
- Issues Paper on the Regulation and Supervision of Microinsurance issued in May 2007
 - Develop a common understanding of microinsurance
 - Recognise that microinsurance activities should not be held to a lower standards
 - Focus on prudential, governance, market conduct and operational issues
 - Identify areas where issues arise in the application of ICPs to the supervision of microinsurance



Takaful (Islamic Insurance)

- Partnership with Islamic Financial Services Board (IFSB)
- Issues Paper on the Regulation and Supervision of Takaful (Islamic Insurance) issued in August 2006 – *Developed by IFSB-IAIS Joint Working Group*
- IFSB complementing IAIS efforts by developing standards and interpretations in order to achieve the following four objectives:
 - Provide benchmarks for use by Takaful supervisors
 - Address regulatory issues, such as risk management
 - Provide appropriate levels of consumer protection in terms of both risk and disclosure
 - Support the orderly development of the Takaful industry in terms of acceptable business and operational models, design and marketing of Takaful products



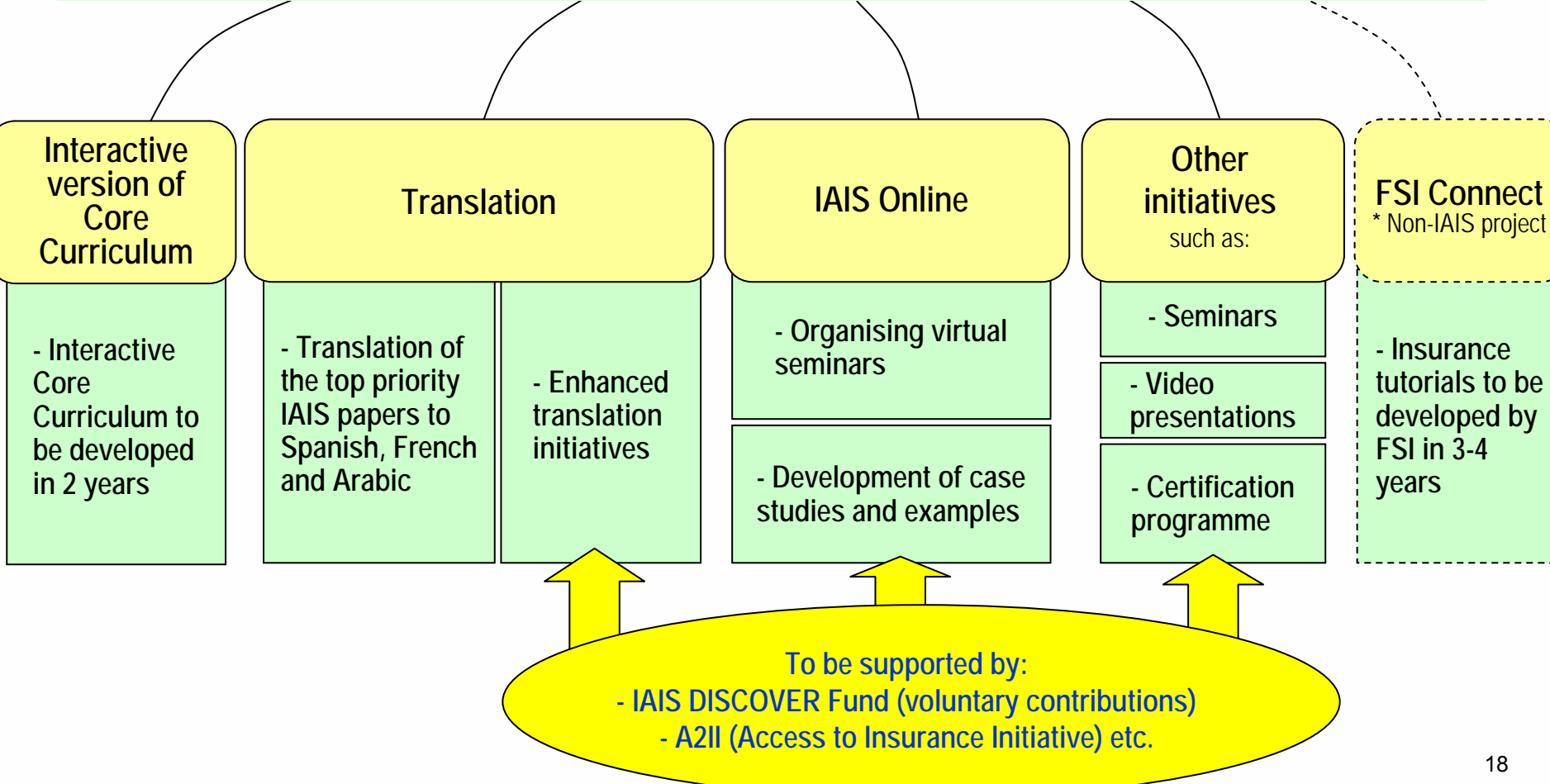
IAIS MMOU

- Growing cross-border activities and transactions & complex corporate structures
- IAIS's response is the *Multilateral Memorandum of Understanding (MMOU)*
- Adopted in 2007 & **optional** for members to join
- Creates a platform for cooperation between all insurance regulators to exchange information





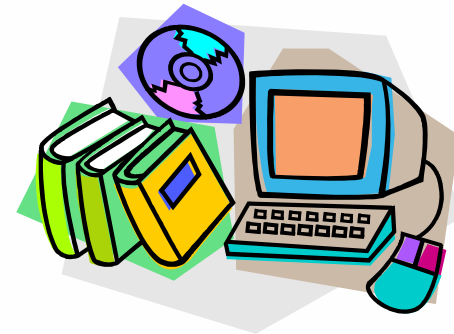
IAIS's Strategic Educational Framework





■ IAIS Online

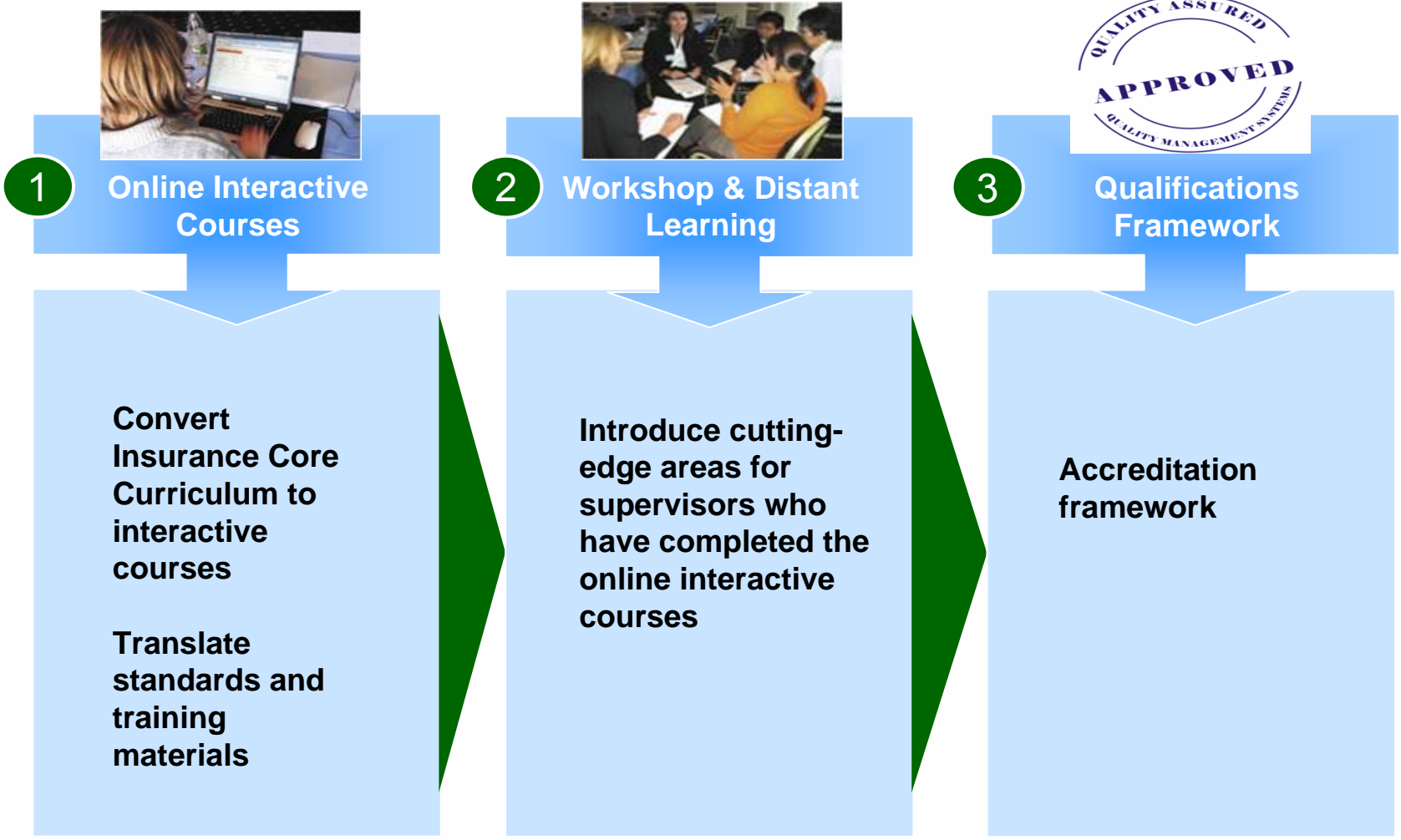
- Web-based learning tutorial
- Accessible at anytime from anywhere
- Interactive Core Curriculum + advanced case studies
- Mix of text, video, audio and on-line discussion
- Translations
- Accreditation



4. Future plan for capacity building initiatives

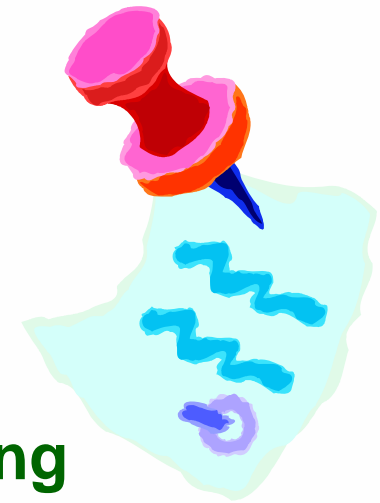


IAIS Online – The Proposed Plan





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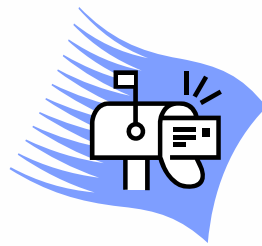




Questions and Answers



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