

# Current Priorities in International Standard Setting on Insurance Supervision

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## 1. Introduction

The past ten years have brought enormous challenges to the insurance sector. The insurance markets have been liberalized. The insurance industry has discovered the opportunities that globalization offers, leading to the emergence of international insurance groups. With globalization has come the blurring of the boundaries between the financial sectors. Financial conglomerates have been created comprising insurance companies, banks and securities firms. These developments have called for greater consistency among regulatory regimes across national jurisdictions and financial sectors. Regulatory arbitrage has had to be avoided.

Insurance supervisors from different parts of the world have recognized that the insurance sector has to play its part in this changing financial world. In 1994 they founded the International Association of Insurance Supervisors (IAIS) in order to cope with the new challenges. The IAIS today is comprised of insurance supervisory authorities from over 100 jurisdictions. During its ten years of existence it has already published more than 20 principles, standards and guidance papers on insurance supervision.<sup>1</sup>

The goals of the IAIS are policyholder protection, the development of sound insurance markets and global stability. These goals are also in the interest of the insurance industry. In developing principles, standards and guidance papers on insurance supervision, the IAIS is interested in obtaining prior input not only from supervisors but also from the insurance industry in order to ensure that what is recommended in its papers is practicable and clear. The co-operation between the IAIS and the insurance industry greatly improved after the IAIS introduced a new category of membership, “observers”. Some 70 insurance associations, companies and international organisations joined the IAIS as observers. They participate in the consultation process that precedes the approval of the IAIS papers, and provide valuable comments.

The IAIS has established a solid organizational structure and has become recognized internationally as the standard-setting body of insurance supervision. Considering the rapid growth of the Association and the continued growing demand for activities, the IAIS reconsidered its priorities and set specific goals accompanied by proposals for a sensible funding policy. The IAIS approved an according Medium Term Working Plan (IAIS-MTWP) which is now the basis for its current activities. Regarding standard setting, the highest priority is given to accounting, capital adequacy and solvency requirements, reinsurance

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<sup>1</sup> All IAIS papers mentioned in this article are available on the IAIS Website ([www.iaisweb.org](http://www.iaisweb.org)).