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## **IAIS Follow-up Response to the G20 Washington Action Plan**

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The IAIS is the international standard-setting body for the prudential supervision of the insurance industry. The IAIS issues global insurance principles, standards and guidance papers, provides training and support on issues related to insurance supervision, and organises meetings and seminars for insurance supervisors. The IAIS and its members comprising insurance regulators and supervisors from over 190 jurisdictions have taken an active role in monitoring the development of the financial crisis and its impact on the global insurance sector.

The IAIS is committed to ensuring the smooth implementation of its standard-setting and implementation activities based on our roadmaps but will remain vigilant and flexible to accommodate emerging issues from the financial crisis as necessary. This response has been structured according to the G20 action items being addressed by Working Group 1 and Working Group 2. For each working group, the IAIS has identified the actions items that are most relevant to the insurance sector

### **Working Group 1 – Strengthening transparency and accountability and enhancing sound regulation**

#### **I- Differentiated Nature of Regulation/ Scope of Regulation/ Supervision of Groups**

##### **G20 Action Plan – Enhancing Sound Regulation – Regulatory Regimes**

- *The appropriate bodies should review the differentiated nature of regulation in the banking, securities, and insurance sectors and provide a report outlining the issue and making recommendations on needed improvements.*
- *A review of the scope of financial regulation, with a special emphasis on institutions, instruments and markets that are currently unregulated, along with ensuring that all systemically important institutions are appropriately regulated, should be undertaken.*

### **Summary of IAIS response**

- The IAIS offers to share expertise regarding core insurance prudential requirements on technical provisions and investments with other sectors.
- The IAIS is charting a new focus on the supervision of internationally active insurance groups
- Working with IOSCO and BSBS, the IAIS is identifying important regulatory gaps and areas for enhanced supervision of cross-sector financial conglomerates

### Detailed IAIS response

Insurance differentiates itself from the other financial sectors by its business model based on an “inverted cycle of production”. This means that the product- the contractual promise to pay an agreed amount should a particular event occur in the future- is sold at a price, the insurance premium, which has to be estimated before knowing the actual cost of the product, which depends on probabilities of occurrence of future events. The cost of the product should be estimated adequately based on statistics, hence the core importance of adequately assessing technical provisions which reflect such cost i.e. insurers’ liabilities towards their policyholders. The insurer’s ability to fulfil its liabilities towards policyholders will then depend on the availability of adequate assets. Thus the core prudential requirements in the insurance sector include the establishment of **adequate technical provisions, requirements on investments** (asset-liability matching along with investment policy, asset mix, valuation, diversification, and risk management), and **capital adequacy requirements** that enable the insurer to absorb significant unforeseen losses. The IAIS offers to share such expertise with other sectors as appropriate.

The financial crisis has highlighted particular issues and challenges in the context of group supervision, including:

- the complexities of supervising cross-border groups, considering the variations in legal environments in different jurisdictions and the responsibilities of and coordination among different supervisors
- Unregulated entities within a group posing risk and liquidity demands for the overall group. Contagion risk can impact the overall viability of the group.
- Unregulated holding companies creating difficulties in supervising the regulated entities within the group and making it difficult to take the necessary steps to address group-wide problems
- Regulatory arbitrage undertaken by conglomerates involved in more than one sector by taking advantage of differences in regulatory requirements
- The impact of intra group transactions and demands for capital support
- Securities lending within a group and lack of transparency associated with it

Some of these issues will, as explained below, be progressed by the IAIS through its focus on group wide supervision and other initiatives, while others will clearly require enhanced cross-sectoral work in the Joint Forum, FSF and G20 with the contribution of the IAIS.

The IAIS has established a task force to elaborate on proposals for the medium- to long-term focus of the IAIS. The task force is examining issues such as the quantitative and qualitative aspects in the **supervision of internationally active insurance groups, macro elements of prudential supervision including contagion effects** and the issue of **non-regulated entities**, and **regulatory consistency among financial sectors**. It is expected that the new strategic focus of the IAIS will address some regulatory gaps that have emerged from the current crisis including the regulation of **systemically important institutions** as well as the potential for **regulatory arbitrage**, notably in the case of **credit-related products**.

*See Annex 1 - 7 January 2009 Strategic response of IAIS to address lessons from the financial crisis specific to the insurance sector – item 1 for more details*

Through an active contribution to the work of the Financial Stability Forum, and through close coordination with BCBS and IOSCO, the IAIS will **contribute to establishing effective supervision of financial conglomerates taking into account non-regulated entities**, which will enable all financial supervisors to minimise regulatory arbitrage among financial sectors. Non-regulated entities (such as financial derivative units in some groups) or lightly regulated activities (such as securities lending at the holding company level) have been highlighted as particular regulatory gaps in group supervision which require a common cross-sectoral response.

The BCBS, IOSCO and the IAIS, through the Joint Forum, their joint working group, have put in place a framework and process to carry out a stock take of the issues around regulatory gaps and differences that build on existing work and processes in each sector. The Joint Forum is expected to take forward this work to help **identify important regulatory gaps and differences in the regulatory oversight of the three sectors**. Work underway or planned to address these gaps will also be identified. The Joint Forum will discuss the findings at its February meeting and possible next steps taking into account the work of other initiatives dealing with the scope of regulation.

## **II- Prudential Requirements for Insurers, Implementation and Macroprudential Surveillance**

### **G20 Action Plan – Enhancing Sound Regulation**

#### **Regulatory Regimes**

- *The IMF, expanded FSF, and other regulators and bodies should develop recommendations to mitigate pro-cyclicality, including the review of how valuation and leverage, bank capital, executive compensation, and provisioning practices may exacerbate cyclical trends.*

#### **Risk Management**

- *Regulators should develop and implement procedures to ensure that financial firms implement policies to better manage liquidity risk, including by creating strong liquidity cushions.*
- *Supervisors should ensure that financial firms develop processes that provide for*

*timely and comprehensive measurement of risk concentrations and large counterparty risk positions across products and geographies.*

- *Firms should reassess their risk management models to guard against stress and report to supervisors on their efforts. .*

## **II-1 Prudential Requirements for Insurers**

### **Summary of IAIS response**

- The IAIS will promote implementation of its solvency standards as protection against consequences of financial crises
- The IAIS is assessing all its supervisory papers against lessons learnt from the financial crisis
- The IAIS plans to consider the need for adjustments to general-purpose financial reporting for prudential purpose
- The IAIS is willing to share its expertise with other regulatory oversight bodies on issues relating to credit-related products.

### **Detailed IAIS response**

The IAIS is monitoring the impact and pressure points arising out of the financial crisis on insurers. The IAIS will continue to provide a forum for the exchange of information about the evolving impact of the financial crisis to allow members to share current information and discuss supervisory strategies.

#### *a) Situation regarding pressure points arising from the financial crisis*

##### *Investments, asset-liability management and solvency*

The principal impact of the crisis has been generally through investments due to adverse market movements. Particularly insurers that provide long-term guarantees products such as life insurance may experience asset liability management issues. The diversity in solvency regimes and regulatory reporting standards implemented by insurance supervisors can make it challenging to assess and compare insurers operating in different jurisdictions. In addition, local solvency requirements may not yet adequately address valuation for prudential purposes, potential adverse economic conditions, stress situations, stress testing, liquidity or pro-cyclical effects.

##### *Complex product structures and corporate governance*

In recent years, financial innovation has resulted in complex product structures that are not well understood. This has raised corporate governance issues for the Board of Directors and risk management function due to challenges in adequately understanding, valuing and monitoring the risk of these products. Shortfalls might also arise from the use of Special Purpose Vehicles (SPVs) and reduced transparency stemming from them.

##### *Credit related products*

The financial crisis has highlighted the fact that some credit-related products may receive different regulatory treatment when held by a bank compared to an insurer, providing the opportunity for regulatory arbitrage. This raises questions concerning the appropriate regulation for these instruments.

#### *Use of credit ratings*

The financial crisis has shown the problems with excessive reliance on third party assessments, and more specifically rating agency assessments. Insurers need to conduct their own due diligence. In addition, some regulatory regimes allow credit ratings to be used as a measure of risk for solvency purpose. The Joint Forum has completed a stocktaking exercise on the use of ratings.

#### *IAIS actions*

The IAIS approved a number of **standards for solvency requirements** recently, and will work with our members to implement these standards with the objective that insurers have solvency levels that can withstand consequences of financial crises.

All the IAIS standard-setting working parties have begun **assessing existing and new supervisory papers under development against lessons learnt from the financial crisis**.

Although issues such as procyclicality, liquidity risk, concentration risk, contagion risk and stress testing highlighted in the G20 Action Plan were not mainly directed at insurance supervisors, the planned review of the existing suite of solvency supervisory papers has been expanded to consider the extent to which these papers address the identified risks.

The IAIS supports a methodology for financial reporting that can serve both general-purpose and regulatory reporting, with as few differences as possible. It is however recognised that **regulators may need to require adjustment of general-purpose reporting** and the IAIS plans standard setting work on valuation of assets and liabilities for solvency purposes.

The IAIS has closely **monitored the impact of the crisis on credit-related products** and has reported on developments to the FSF. Individual jurisdictions are exploring actions to develop supplemental regulation for these products. The IAIS is willing to further **contribute its expertise with other regulatory oversight bodies in order to develop solutions** to the unique issues relating to the credit-related products.

Based on the results of the Joint Forum stocktaking exercise on the use of ratings, the IAIS will consider raising awareness among its members. Future IAIS corporate governance papers will consider the issue of the **use of credit ratings** in investment and risk management.

*See Annex 1 - 7 January 2009 Strategic response of IAIS to address lessons from the financial crisis specific to the insurance sector – item 4 for more details*

## **II-2 Implementation and convergence of sound regulatory principles**

### **Summary of IAIS response**

- A key area of focus for the IAIS is facilitation of standard implementation, especially within emerging markets

### **Detailed IAIS response**

Strong insurance regulatory regimes are critical to financial stability. However, not all jurisdictions, particularly in emerging markets, have the necessary infrastructure in place. The principal weakness observed by the IAIS is lack of resources, training and guidance in understanding and implementing the Insurance Core Principles (ICPs).

The IAIS aims for regulatory convergence among its members. **Standard implementation, especially aimed at emerging markets, is a key area of focus for IAIS** for developing sound insurance regulatory regimes. The IAIS facilitates implementation by providing supervisory **assessment mechanisms** and **implementation programmes**. The IAIS self-assessment framework assesses compliance and implementation of the insurance core principles. The results of the self assessment are used to identify areas for enhancement. Training opportunities, including seminars, workshops and on-line learning are provided to enhance supervisors' knowledge with the ultimate goal to improve insurance regimes.

## **II-3 Macro prudential surveillance**

### **Summary of IAIS response**

- The IAIS has a Financial Stability Task Force to facilitate discussion and coordination of work efforts in response to the FSF and G20 recommendations
- The IAIS annual Global Reinsurance Market Report will be enhanced

### **Detailed IAIS response**

Leading up to the financial crisis, supervisors tended to focus on micro prudential issues and as a result, were not prepared for the overall impact of the financial crisis.

The IAIS has established a Financial Stability Task Force to facilitate IAIS Members discussion and to coordinate quick responses to the FSF and G20 recommendations.

The IAIS publishes an annual Global Reinsurance Market Report to improve transparency and provide data on macroprudential risks. Each year the report is enhanced to provide up-to-date coverage of emerging macro risks and trends of systemic importance to the insurance and reinsurance sector. The IAIS will consider elaborating further on relevant macro-economic aspects.

*See Annex 1 - 7 January 2009 Strategic response of IAIS to address lessons from the financial crisis specific to the insurance sector – item 5 for more details*

### **III- Transparency and Accountability**

#### **G20 Action Plan – Strengthening Transparency and Accountability**

- *Regulators and accounting standard setters should enhance the required disclosure of complex financial instruments by firms to market participants.*
- *Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. Regulators should work to ensure that a financial institution's financial statements include a complete, accurate, and timely picture of the firm's activities (including off-balance sheet activities) and are reported on a consistent and regular basis.*
- *The key global accounting standards bodies should work to enhance guidance for valuation of securities, also taking into account the valuation of complex, illiquid products, especially during times of stress.*

#### **Summary of IAIS response**

- The IAIS monitors accounting and public disclosure developments and will raise focus on public disclosure

#### **Detailed IAIS response**

The IAIS **monitors developments in the field of accounting and public disclosure** related to insurers and insurance. Between 2004 and 2006 the IAIS issued three key disclosure standards (Disclosures Concerning Technical Performance and Risks for Non-Life Insurers and Reinsurers; Disclosures Concerning Investment Risks and Performance for Insurers and Reinsurers; and, Disclosures Concerning Technical Risks and Performance for Life Insurers). The IAIS recently conducted a high-level survey on the implementation by members of these disclosure standards. Based on the survey findings and taking into account the G20 Action Plan, the IAIS will **raise focus and priority of public disclosure requirements**, notably by further reviewing its disclosure standards and considering enhancements or the development of new standards where necessary, and **respond to implementation needs** of its membership.

### **Working Group 2 – Reinforcing International Cooperation**

#### **I- Supervisory Colleges**

#### **G20 Action Plan – Reinforcing International Cooperation**

- *Supervisors should collaborate to establish supervisory colleges for all major cross-border financial institutions, as part of efforts to strengthen the surveillance of cross-border firms. Major global banks should meet regularly with their supervisory college for comprehensive discussions of the firm's activities and assessment of the risks it faces.*

### Summary of IAIS response

- The IAIS is developing guidance on the use of supervisory colleges for insurance groups
- The IAIS is liaising with BCBS and FSF regarding supervisory colleges for cross-sectoral consistency

### Detailed IAIS response

The current financial crisis has illustrated the necessity of enhancing cooperation and coordination among supervisors, especially on a cross-border and cross-sectoral basis. The growing globalisation of the insurance industry means that supervisors from around the world need to work together, particularly in crisis situations. Effective coordination mechanisms need to be in place.

The IAIS adopted a guidance paper on **the role of a group-wide supervisor** in October 2008, which provides among others guidance on mechanisms for required cooperation between the supervisors involved in the supervision of a group. In response to the FSF recommendation on the setting-up of supervisory colleges for large financial institutions, the IAIS undertook a stocktaking exercise in summer 2008 to **identify existing supervisory colleges arrangements** (home supervisor, supervisors meeting, date of next meeting) for the largest global insurance groups. It is foreseen that this list will be kept updated and be used to input into the FSF review of experience on existing college arrangements in summer 2009. Further as a high priority, the IAIS plans to complete a **guidance paper on the use of supervisory colleges in group-wide supervision by October 2009**, which will provide guidance to insurance supervisors on the role of supervisory colleges and their member authorities as well as the practical issues to consider in the establishment and operation of the colleges. The IAIS is also **liaising with the BCBS** as regards financial conglomerates and **collaborating with the FSF** on how, using the IAIS guidance paper as a basis, the protocols for the largest global financial conglomerates could be adapted for insurance entities. The IAIS is liaising with BCBS and FSF on supervisory colleges for cross-sectoral consistency.

*See Annex 1 - 7 January 2009 Strategic response of IAIS to address lessons from the financial crisis specific to the insurance sector – item 2 for more details*

### II- Supervisory Cooperation- information sharing and crisis management

#### **G20 Action Plan – Promoting Integrity in Financial Markets**

- *National and regional authorities should work to promote information sharing about domestic and cross-border threats to market stability and ensure that national (or regional, where applicable) legal provisions are adequate to address these threats.*

#### **G20 Action Plan – Reinforcing International Cooperation**

- *Regulators should take all steps necessary to strengthen cross-border crisis management arrangements, including on cooperation and communication with each*



*other and with appropriate authorities, and develop comprehensive contact lists and conduct simulation exercises, as appropriate.*

### **Summary of IAIS response**

- The IAIS is taking steps to expedite the operation of its Multilateral Memorandum of Understanding
- The IAIS is facilitating group supervision and working at considering a crisis management framework
- The IAIS is liaising with BCBS and FSF on supervisory colleges for cross-sectoral consistency.

### **Detailed IAIS response**

Effective and efficient global financial services markets and global financial stability depends on cooperation and information sharing between regulators in all situations. There is a clear need to improve liaison and cooperation in all cross-border cases, not only where there are systemic implications. These measures can be re-enforced through international agreements.

The IAIS is taking steps to **expedite the operation of its Multilateral MoU** framework that was put in place in February 2007 in order to facilitate information exchange among insurance supervisors both under normal circumstances and in times of crisis.

To strengthen cross border supervisory cooperation including crisis management arrangements, IAIS is working at **facilitating group supervision** while acknowledging legal and practical constraints, and recommends that supervisors systematically consider the potential **cross-border and cross-sector effects** of their actions. The IAIS already issued a guidance paper on the role of a group-wide supervisor, is preparing a guidance paper on supervisory colleges in insurance groups and liaising with BCBS and FSF on supervisory colleges for cross-sectoral consistency. The IAIS is also charting a focus of the IAIS on the supervision of internationally active insurance groups and systemically important entities, contagion effects and unregulated entities in view of consistency among financial sectors. The IAIS is also considering integrating the catastrophe related function of the Global Reinsurance Market Report with other elements in a **crisis management** framework, including a list of supervisory contact points.

*See Annex 1 - 7 January 2009 Strategic response of IAIS to address lessons from the financial crisis specific to the insurance sector – item 3 for more details*

### **III- International Cooperation- distortions due to temporary measures**

#### **G20 Action Plan – Reinforcing International Cooperation**

- *Authorities should ensure that temporary measures to restore stability and confidence have minimal distortions and are unwound in a timely, well-sequenced and coordinated manner.*

### Summary of IAIS response

- The IAIS acknowledges the benefits of government intervention, however the IAIS will raise awareness about possible cross-sectoral and intra-sectoral distortions

### Detailed IAIS response

Governments and regulators around the world have responded to the financial crisis with a range of policy tools and measures meant to stabilise financial markets. Measures have included reducing interest rates, providing short-term liquidity, increasing the terms of loans, expanding the range of eligible collateral, investing in financial institutions and providing deposit guarantees. These measures have helped stabilise shaky financial markets and the **insurance sector has thus benefited from them**.

However, most of these measures have been aimed at the banking and securities sectors. With consumers worried about valuations, there has been a flight to the safety of investments offering government backstops or guarantees. This has resulted in a range of **unintended adverse impacts on insurers**, including lower sales of investment-type products and higher redemptions.

Measures supporting particular groups or entities may raise **distortions of competition** resulting in level playing field difficulties for other competitors.

Through its participation in the Joint Forum and Financial Stability Forum, the IAIS will continue to raise awareness of this issue.




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## Strategic response of the IAIS to address lessons from the financial crisis specific to the insurance sector

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Based on its roadmaps for standard setting and standard implementation, the IAIS is already pursuing workstreams in order to further improve the effectiveness and efficiency of insurance supervision on a global basis. In this context, the IAIS recognises that the diagnosis of the lessons learnt from the current financial crisis will need to continue as the crisis develops further. At this stage, our assessment revealed that the existing planned main workstreams, most of which had commenced prior to the turmoil, mapped well to the pressure points observed from the crisis and are in line with the relevant G20 Action Points. Nevertheless, the IAIS will continue to apply the list of pressure points observed and lessons learnt as a useful tool to test all current workstreams and to maintain flexibility to our work processes in order to adapt, as necessary, as the further course of the crisis may prove necessary.

### ***1. Chart a comprehensive focus of the IAIS on the supervision of internationally active insurance groups and systemically important institutions, contagion effects and unregulated entities in view of consistency among financial sectors***

In October 2008, the IAIS decided to set a new focus in its activities and to prioritise certain workstreams. In order to explore the best way forward in developing this new focus, a task force was established to elaborate proposals for the medium- to long-term role and structure of the IAIS.

This task force will focus on issues such as the quantitative (e.g. capital requirements) and qualitative (e.g. governance requirements) aspects in the supervision of internationally active insurance groups, macro elements of prudential supervision including contagion effects and the issue of non-regulated entities, and regulatory consistency among financial sectors. It is expected that the new strategic focus of the IAIS will address some of the identified regulatory gaps that have emerged from the current financial crisis including issues such as the regulation of systemically important institutions as well as comparability of cross-sectoral regulations and the potential for regulatory arbitrage. We believe that establishing such a holistic and strategic overview will not only give impetus to the future work of IAIS's subcommittees but will also be extremely useful to better manage potential future crises from an international standard setting perspective.

The task force is expected to deliver its report in June 2009.

## **2. Provide guidance on supervisory colleges for insurance groups**

We note that the establishment of supervisory colleges for major financial institutions features strongly in the G20 Action Plan. On this issue, the IAIS is giving high priority in its existing workplan to develop a *Guidance paper on the use of supervisory colleges in group-wide supervision* due to be completed in October 2009. The IAIS believes that even without the added push from the crisis, the use of supervisory colleges will become an increasingly important feature in the supervision of insurance groups. We can report that a number of jurisdictions have recently held colleges for significant insurance groups in line with the recommendation of the Financial Stability Forum. The IAIS has also worked to support the efforts of the US National Association of Insurance Commissioners (NAIC) to manage the orderly resolution of certain parts of the American International Group (AIG), providing a forum for coordination between leading international supervisors, hosting an information briefing for the IAIS membership and encouraging coordination between national supervisors involved in the asset sale process. Our work on the supervisory paper on colleges will provide guidance to insurance supervisors worldwide on the role of such supervisory colleges and their member authorities as well as the practical issues to consider in the establishment and operation of the colleges.

We note that the FSF is also establishing protocols for supervisory colleges to be formed for the largest global financial institutions and in this regard, we have offered to provide further information on how the IAIS's guidance paper will be used by our member jurisdictions which have established supervisory colleges for the largest global insurance groups. The IAIS is committed to collaborate with the FSF to provide the necessary context on how - using the IAIS guidance paper as a basis - the protocols for the largest global financial conglomerates could be adapted for insurance entities within these institutions.

## **3. Enhance supervisory cooperation and information exchange mechanism**

Greater cross-border supervisory cooperation and more efficient and prompt information sharing is another area of emphasis in the G20 Action Plan of relevance to the insurance sector. To this end, the IAIS has put in place a *Multilateral Memorandum of Understanding (MMOU)* framework back in February 2007 to facilitate information exchange among insurance supervisors both under normal circumstances and in times of crisis. The IAIS regards the MMOU initiative as a high priority and efforts are underway to expedite the operation of the regime in the near future. This will provide further impetus to the effective functioning of supervisory colleges for the insurance sector.

The structure established to prepare the Global Reinsurance Market Report, namely the IAIS Reinsurance Transparency Group (RTG), has also proved useful as a crisis management tool. In the aftermath of past major natural catastrophe disasters, insurance supervisors worldwide relied on the report's database to quickly assess the potential aggregated exposure of global reinsurers. Moving forward, considerations will be given to integrate this catastrophe-related function with other elements in a crisis management framework such as a list of supervisory contact points that could be used to quickly relay or obtain information in case of emergencies.

#### **4. Align workplan for greater emphasis on issues arising from the crisis**

The IAIS's standard-setting process is guided by a forward-looking roadmap. The flexibility and robustness of this roadmap allow the necessary adjustments to be made whenever required. Within this framework, all the IAIS standard-setting working parties have begun the assessment of existing and new supervisory papers currently under development against a list of identified pressure points to ensure that all the issues are adequately dealt with. Where gaps are identified, the relevant supervisory papers will be enhanced to ensure that lessons drawn from the crisis are adequately reflected. More specifically, although issues such as procyclicality, liquidity risk, concentration risk, contagion risk and stress testing highlighted in the G20 Action Plan were not directly targeted at insurance supervisors, we believe that it is important for the IAIS to draw lessons from the other sectors where relevant and to react proactively rather than to wait for similar problems to occur in the insurance sector as well. The planned review of the existing suite of solvency standards and guidance has been expanded to consider the extent to which these papers address the identified issues. Similarly, the development of supervisory papers on corporate governance, an area of priority for the IAIS, as well as the review of the Insurance Core Principles already well underway prior to the crisis, will also consider the lessons learned from the current crisis.

#### **5. Enhance focus on macroprudential assessments (for example through the IAIS Global Reinsurance Market Report)**

One of our initiatives in the area of macroprudential oversight, the IAIS annual *Global Reinsurance Market Report*, has evolved from its original role to improve transparency in the reinsurance sector, to become an important source of information on macroprudential risks and trends assessment based on its unique repository of data. The 2008 report, published recently on 17 December 2008, is the fifth edition and will have a special feature on monoline insurers given the systemic importance of these institutions. The report will continue to be enhanced to provide up-to-date coverage of emerging macro risks and trends as part of the IAIS's continuous effort to facilitate understanding by our key stakeholders - including the G20 - on major insurance issues and to provide in-depth analysis and opinion over issues of systemic importance relating to the insurance and reinsurance sectors.

Moving forward, the IAIS is committed to ensuring the smooth implementation of its standard-setting and implementation activities based on our roadmaps but will remain vigilant and flexible to accommodate emerging issues from the financial crisis as necessary. This approach will enable minimal disruption to the crucial role of an orderly and well-sequenced development of sound international insurance standards to reinforce the resilience of insurance companies and insurance groups worldwide with the ultimate aim of supporting global financial stability.