

Global systemically important insurers (G-SIIs) and the policy measures that will apply to them

1. At recent Summits, G20 Leaders asked the Financial Stability Board (FSB) to develop a policy framework to address the systemic and moral hazard risks associated with systemically important financial institutions (SIFIs), and initially in particular global SIFIs (G-SIFIs). The [FSB's SIFI Framework](#) was endorsed by the G20 in November 2010.
2. In November 2011, the FSB published an integrated set of [policy measures](#) to address the systemic and moral hazard risks associated with SIFIs. At that time, the FSB also identified an initial group of global systemically important banks (G-SIBs), using a methodology developed by the Basel Committee on Banking Supervision (BCBS), to which the policy measures would apply.¹ The list of G-SIBs was [updated](#) in November 2012.
3. On 18 July 2013, the International Association of Insurance Supervisors (IAIS) published a methodology for identifying global systemically important insurers (G-SIIs), and a set of policy measures that will apply to them.² The FSB has endorsed the methodology and these policy measures.
4. The policy measures that will apply to G-SIIs are consistent with the policy framework published by the FSB in November 2011. They include for each G-SII:
 - i) *The recovery and resolution planning requirements* under the [FSB's Key Attributes](#) of Effective Resolution Regimes, in particular:
 - the establishment of a Crisis Management Group (CMG);
 - the development of a recovery and resolution plan (RRP), including a liquidity risk management plan;
 - the carrying out within the CMG of resolvability assessments;
 - the development of institution-specific cross-border cooperation agreements among relevant resolution authorities.

¹ See BCBS, [Global systemically important banks: Assessment methodology and the additional loss absorbency requirement](#), November 2011.

² See IAIS documents referenced in paragraph 9 below.

- ii) *Enhanced group-wide supervision, including:*
 - o The group-wide supervisor to have direct powers over holding companies.
 - o The group-wide supervisor to oversee the development and implementation of a Systemic Risk Management Plan.
 - iii) *Higher loss absorbency requirements (HLA)* for non-traditional and non-insurance activities. In the absence of a global capital standard as a basis, these will be built upon straightforward, backstop capital requirements for all group activities, including non-insurance subsidiaries. HLA requirements will need to be met by the highest quality capital.
5. Using the IAIS assessment methodology and based on 2011 data, the FSB, in consultation with the IAIS and national authorities, have identified an initial list of nine G-SIIs to which the policy measures above should apply (see Annex I). The group of G-SIIs will be updated annually and published by the FSB each November based on new data, starting from November 2014.
 6. The FSB, in consultation with the IAIS and national authorities, will make a decision on the G-SII status of, and appropriate risk mitigating measures for, major reinsurers in July 2014.
 7. The timelines for the further development and application of the policy measures are as follows (see Annex II for the key implementation dates):
 - i) Implementation of enhanced supervision, including group-wide supervision, commences immediately.
 - ii) CMGs should be established for the set of G-SIIs identified today by July 2014.
 - iii) RRP, including liquidity risk management plans, should be developed and agreed by CMGs by the end of 2014.
 - iv) As a foundation for higher loss absorbency requirements for G-SIIs, the IAIS will as a first step develop straightforward, backstop capital requirements to apply to all group activities, including non-insurance subsidiaries, to be finalised by the time of the G20 Summit in 2014.
 - v) Building on the above capital requirements, and following public consultation, the IAIS will develop by end-2015 implementation details for higher loss absorbency requirements. These will apply starting from January 2019 to those G-SIIs identified in November 2017, using the IAIS methodology.
 8. A sound capital and supervisory framework for the insurance sector more broadly is essential for supporting financial stability. The IAIS will develop, and the FSB will review, a work plan to develop a comprehensive, group-wide supervisory and regulatory framework for Internationally Active Insurance Groups (IAIGs), including a quantitative capital standard. The timeline for the finalisation of the framework will be agreed by the FSB by end 2013.

9. The assessment methodology and the policy measures summarised in this note are set out in detail in the following documents:
- i) [*Global Systemically Important Insurers: Initial Assessment Methodology*](#), IAIS, July 2013.
 - ii) [*Global Systemically Important Insurers: Policy Measures*](#), IAIS, July 2013.
 - iii) [*Key Attributes of Effective Resolution Regimes for Financial Institutions*](#), FSB, October 2011. An annex to the Key Attributes on the resolution of systemic insurance groups will be issued for consultation in summer 2013.
 - iv) [*Intensity and Effectiveness of SIFI Supervision*](#), FSB, [November 2010](#), [November 2011](#), [November 2012](#).

Annex I

G-SIIs in *alphabetical* order as of July 2013³

Allianz SE

American International Group, Inc.

Assicurazioni Generali S.p.A.

Aviva plc

Axa S.A.

MetLife, Inc.

Ping An Insurance (Group) Company of China, Ltd.

Prudential Financial, Inc.

Prudential plc

³ This initial list is based on the methodology set out in the IAIS document *Global systemically important insurers: initial assessment methodology*, using data as of end-2011. The list of G-SIIs will be updated annually and published by the FSB in November every year, starting from November 2014. Therefore, the list of G-SIIs will not be fixed – there can be new entries and exits every year and the number of G-SIIs may change. In addition to the nine G-SIIs, currently 28 banking groups are identified as G-SIFIs.

Annex II

| Key implementation dates | Action |
|---------------------------------|--|
| July 2013 | <ul style="list-style-type: none"> • Designation of G-SIIs based on the IAIS methodology (annual updates thereafter published by the FSB each November, beginning in 2014). • For designated G-SIIs, implementation commences of resolution planning and resolvability assessment requirements of the FSB Key Attributes of Effective Resolution Regimes and enhanced supervision, including group-wide supervision. |
| End 2013 | <ul style="list-style-type: none"> • FSB to agree on the timeline for finalisation by the IAIS of a comprehensive, group-wide supervisory and regulatory framework for IAIGs, including a quantitative capital standard. |
| July 2014 | <ul style="list-style-type: none"> • CMGs established for the initial cohort of designated G-SIIs. • FSB to make a decision on the G-SII status of, and appropriate risk mitigating measures for, major reinsurers in July 2014. • Systemic Risk Management Plans to be completed by G-SIIs designated in 2013. |
| By the 2014 G20 Summit | <ul style="list-style-type: none"> • IAIS to develop straightforward, backstop capital requirements to apply to all group activities, including non-insurance subsidiaries. |
| End 2014 | <ul style="list-style-type: none"> • Recovery and resolution plans, including liquidity risk management plans, for G-SIIs designated in 2013 to be developed and agreed by CMGs. |
| End 2015 | <ul style="list-style-type: none"> • IAIS to develop implementation details for HLA that will apply starting from 2019 to those G-SIIs identified in November 2017 using the IAIS methodology. |
| January 2019 | <ul style="list-style-type: none"> • G-SIIs designated in November 2017 to apply the HLA requirements. |